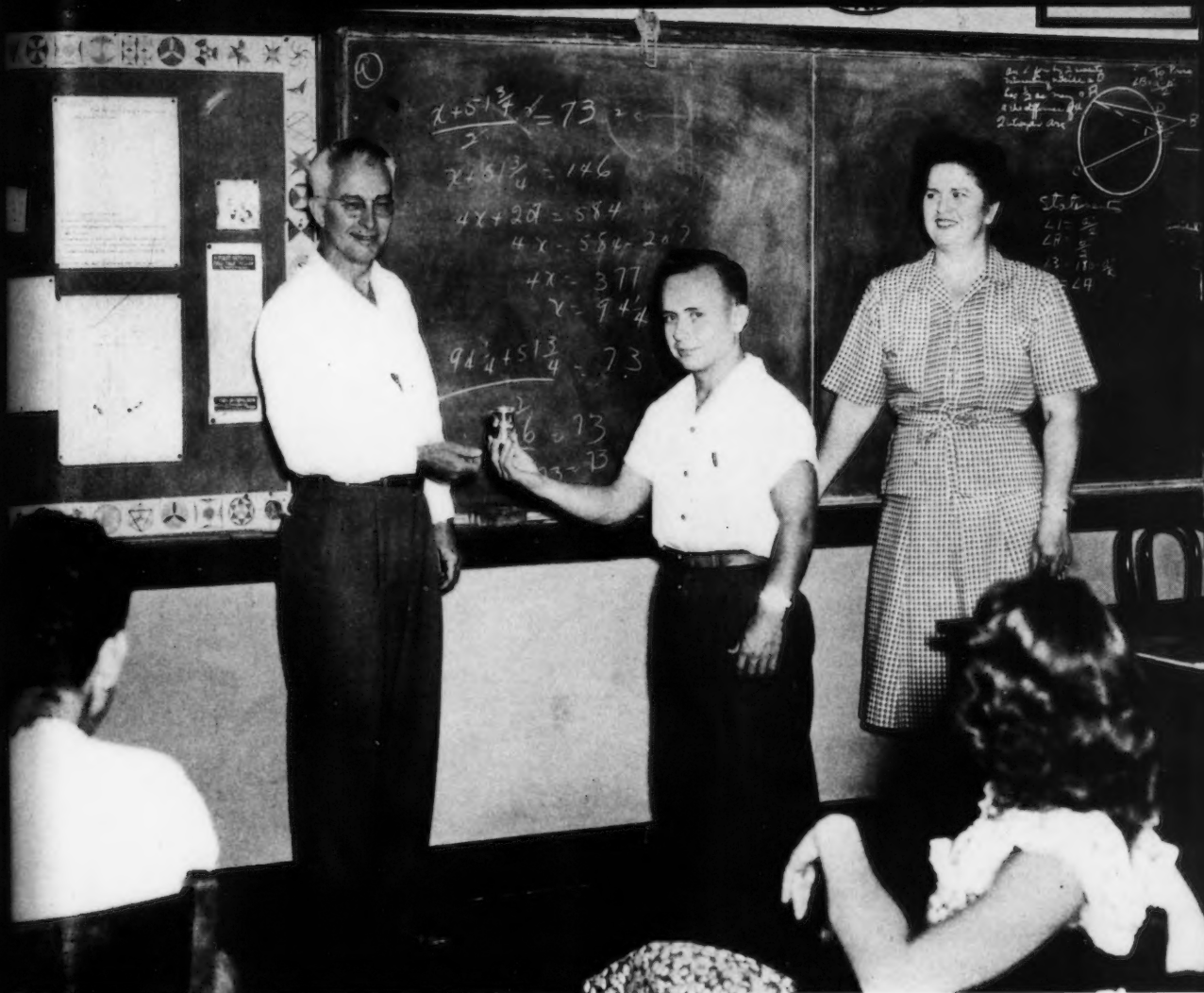


BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

JUNE 1948



"... from the mathematics class of 1948" (page 33)

The Cashier Started Teaching



"The Car Buyer Gets a Break"

*says William P. Welsh, President,
National Association of Insurance Agents*

"In this inflationary period, the Bank and Agent Auto Plan is a boon to the car-buying public. Under the Plan, an open market is established, permitting the car-buyer to select his financing and insurance in the same manner as he purchases an automobile. Savings, better service and convenience are the inevitable result.

"Reports are frequently received from members of our Association disclosing phenomenal returns from a well-organized and well-planned local promotion of the Plan between banks and local insurance agents. Such spontaneous public acceptance fully confirms the

benefits that are accredited to the Bank and Agent Auto Plan.

"The National Association of Insurance Agents is proud to have had a part in initiating this public service, and is grateful to the financial institutions and insurance companies of the country for their unstinted support and co-operation in the rapid development of the Plan. Our Association, representing over 24,000 property insurance agencies, pledges intensive support so that the public will enjoy all the benefits available through the Bank and Agent Auto Plan."

Aetna Casualty and Surety Company

Affiliated with
Aetna Life Insurance Company

HARTFORD 15



Automobile Insurance Company
Standard Fire Insurance Company
CONNECTICUT

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



THIS MONTH'S COVER

The cover picture this month was made in a high school classroom in Leesburg, Florida. The story of how a banker started something new in educational programs is told by Belle S. Hamilton on page 33

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CHAIN REACTION

Customers react favorably when a bank provides them with checks on La Monte Safety Paper. But remember that is only the first step in building good will for your institution through using America's finest check paper. Further benefits are far-reaching and purely automatic. For your customers put those checks into circulation for you. Thus they come under the observation, time and again, of every important company and business person in the community you serve.

La Monte SAFETY PAPER FOR CHECKS

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THE WAVEY LINES ® ARE A LAMONTE TRADE-MARK

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Thousands of banks and many of the larger corporations use La Monte Safety Papers with their own trade-mark or design made in the paper itself. Such INDIVIDUALIZED check paper provides maximum protection against both alteration and counterfeiting—makes identification positive.



Just a minute

June

JUNE is a big month in the world of banking education; it brings the convention of the American Institute of Banking and the resident session of The Graduate School of Banking.

The A.I.B. opens its Buffalo convention with a record membership of 87,000 and a class enrolment of about 46,000. There are now 242 active chapters, 162 study groups and a correspondence list of some 1,800.

A prominent figure at the 1948 session was to have been JOSEPH CHAPMAN of Minneapolis, father of the idea that became the Institute in 1900. Mr. CHAPMAN, who maintained a lively interest in A.I.B., died May 11 at the age of 76. A sketch of his career appears elsewhere in this issue.

A preview of the Institute's plans for its Buffalo convention, June 7-11, appears in Banking News, page 91.

"Vivere Est Cogitare"

FOR the 14th time the Graduate School men foregather on the banks of the old Raritan (i.e., Rutgers University in New Brunswick, New Jersey) for their fortnight of study, June 19-July 3.

This year the student body will number more than 900, the graduating

class about 250. Both figures set new records. But there can hardly be a numerical measurement of the influence which this now mature project in adult education exerts on the American banking system. Its objective, "a comprehensive study of banking from the standpoint of managerial policies," carries a responsibility which the faculty, directing staff and students have never failed to meet.

BANKING's report on the preparations for the 1948 session is printed on page 91.

They Know Their Banking

SIXTY seniors at the Leesburg, Florida, High School have finished an unusual course in banking—and they're not likely to forget what they've learned.

Twice a week since last October GEORGE H. RAST, cashier of The First National Bank, has been teaching the young people the whys and hows of banking. They've studied checks, currency, bank operations, the Federal Reserve System, the FDIC, collections, drafts, accounts, loans and bank equipment, through the medium of not only Mr. RAST's practical, lucid lectures, but visits to the bank where they saw demonstrations.

The story of this laboratory course is told by BELLE S. HAMILTON of the bank's staff in an interesting June article (page 33).

The young students, she says, "now regard the bank as a place of friendly service." They also know how to make out checks, deposit tickets and payrolls; they're familiar with the collection

"I'm sorry, sir, but you don't allow smoking in here"



June 1948

MEMBER FEDERAL DEPOSIT INSURANCE CORP. & FEDERAL RESERVE



We should like to handle your cash items for you—we should welcome an account from your bank—and should appreciate an opportunity to be of service to your customers when they come to Los Angeles

UNION BANK & TRUST CO
of Los Angeles

SYSTEM • OVER \$150,000,000 IN RESOURCES

An Intimate, Personalized Correspondent Bank Service

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of Cooperation
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Second...

Despite a small population, Canada in recent years has ranked second only to the United States as an exporting nation, and is an important producer of manufactured goods of wide variety. As a market, source of supply and area for plant development, your northern neighbour warrants study. Full co-operation extended to correspondent banks with clients interested in Canada.

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THE ROYAL BANK OF CANADA

ASSETS EXCEED \$2,000,000,000

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Direct Wires to all Offices



"Why don't you try the people next door?
I use theirs and it's terrible"

process—in short, banking is no longer a mystery to them.

Each graduate of Cashier RAST's course is to receive a diploma from the bank.

Howie

His last name is Duzzit, and in this month's DICK ERICSON feature he's the mortgage loan officer of a bank—your bank, maybe.

Howie is a capable gentleman, to whose desk comes a wide variety of questions and situations. How does he handle them? How would you handle them?

Well, a choice of answers is suggested in the story and you can play a little game with yourself by checking the one you'd give. It won't be difficult!

Don't be surprised if you see Howie Duzzit in future issues, and in different jobs.

Bank Earnings and Bank Capital

JAMES W. WOOSTER, JR., taking one of his periodic looks at bank earnings, concludes that although they "appear to have stabilized, at least temporarily," the current level is still "inadequate to support a price level for bank stocks equal to the money already invested in the banking business."

Shares of 16 large American banks, he points out, were quoted, in the aggregate, at less than 90 percent of their book value on the basis of the most recent statements. The reason for the

(CONTINUED ON PAGE 6)

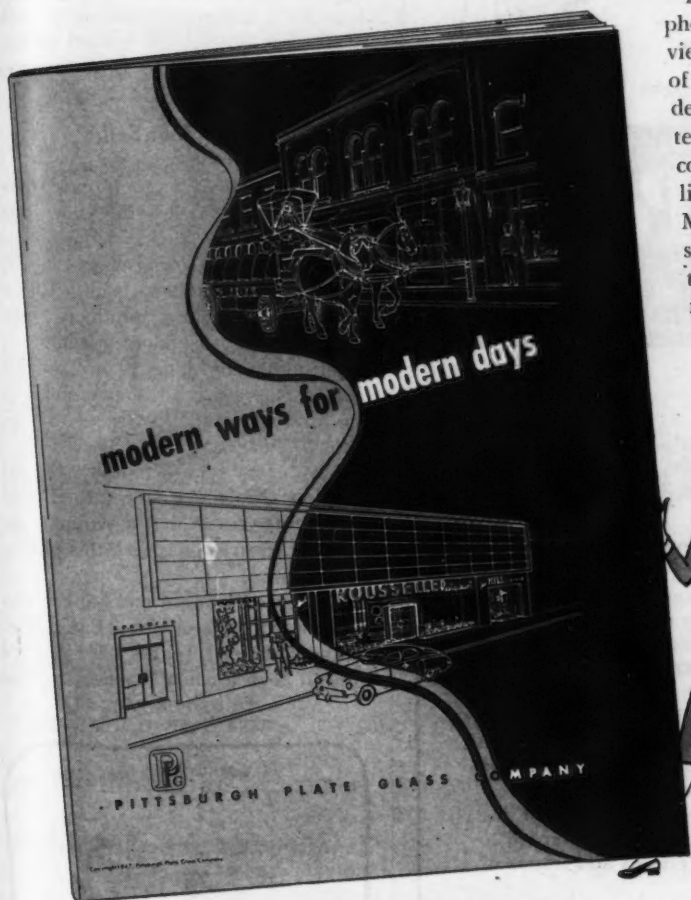
FREE! New Store Modernization Book shows how you can make your properties more desirable...easier to rent... produce better revenue

"Modern Ways for Modern Days" contains a wealth of solid material on what the "appearance factor" in retail selling really means. It's chock-full of actual "before" and "after" photographs of all kinds of businesses that have achieved greater success by modernizing

with Pittsburgh Glass and Pittco Store Front Metal. More prosperous merchants mean happier tenants, steadier income, more revenue, less risk for your bank. And this is a good fact to keep in mind, too, when you are approached by retailers for modernization loans.

In addition to many pages of store front photographs, this new book includes scores of views of remodeled interiors of a large variety of businesses. Several pages are devoted to the designs of some of the world's foremost architects. These are magnificent conceptions and cover a wide range of stores and other establishments. The important subject of "Group Modernization" also is fully covered. Outstanding examples of such projects are illustrated. And, throughout the book, there are interesting notes, photographs of actual installations, and proposed designs of "open vision" store fronts — the latest trend in sales-winning structures.

There are many more valuable features in this intensely interesting and informative book. It's easy to get your copy. Just fill in and return the convenient coupon below. Do it right now. It's **FREE!**



Send the coupon
for your copy - NOW!

"PITTSBURGH" STORE FRONTS AND INTERIORS



PAINTS • GLASS • CHEMICALS • BRUSHES • PLASTICS

PITTSBURGH PLATE GLASS COMPANY

Pittsburgh Plate Glass Company
2229-8 Grant Building, Pittsburgh 19, Pa.

We are interested in your new book on store modernization—"Modern Ways for Modern Days." Please send us a **FREE** copy.

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Address.....

City..... State.....

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Keep your records on paper that won't dog-ear or split under constant usage... it simply isn't human nature to handle daily work with kid gloves on. There's one best paper for records. Ask an expert, your printer. He'll tell you the name of that paper is—

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- ✓ 5 weights
- ✓ White and four colors
- ✓ 2 sizes



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Colombia, among the leading countries of South America in trade with the United States, will offer increasing opportunities in the years ahead for travel, export and import trade, and development of new or expansion of existing local industries.

Increasing numbers of forward-looking banks and business organizations in the United States are establishing correspondent relations in Latin America, notably with Colombia. Many of them are taking advantage of the exceptional and complete banking facilities provided by this 35-year-old institution.

With 25 offices in all commercially important parts of the country, trade information is quickly gathered and forwarded to you. Special departments for handling collections and letters of credit.

Inquiries cordially invited.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices—Bancoquia

Capital paid-up: \$8,184,937.—Pesos Colombian

Reserves: \$8,938,693.—Pesos Colombian

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Anserma (V), Armenia, Barrancabermeja, Barranquilla, BOGOTA, Bucaramanga, Cali, Cartagena, Carlos, Cucuta, Girardot, Magangué, Manizales, Montería, Neiva, Pasto, Pereira, Puerto Berrio, San Gil, San Marcos, Santa Marta, Sincelejo, Socorro, Vélez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

JUST A MINUTE — Continued

general lack of investor confidence in bank equities, which makes it impossible for the banking system to attract new capital, is "undoubtedly the drab earnings record of most banks in recent years.

"The basic reason for present sub-normal bank earnings," Mr. WOOSTER goes on to say, "is the failure of bankers to charge an adequate price for their services. This failure, in turn, is fostered by an uninformed public which mistakenly considers the banking business to be more profitable and less risky than it actually is. With operating costs high and with the prospect for any reduction therein remote, the primary hope for a warranted increase in bank earnings is through an upward adjustment in the selling price of the services which banks render."

Bank Windows That Sell

WE'RE not prepared to appraise their selling value, but we do know that many banks use their windows—and their lobbies, too—for displays that call public attention to bank facilities, community events, local products, merchants' goods, customers' hobbies and other interesting things. The variety is limited only by the resourcefulness of the arranger and the space at his disposal.

The display idea is hardly new, but BANKING this month offers a three-page refresher for banks that may like to see what others are doing with this promotion medium.

"Admittedly," said one banker who contributed material for "Bank Windows That Sell" (pages 42-44), "it's difficult to trace new business to win-
(CONTINUED ON PAGE 11)



**A STATISTICIAN IS A
PERSON WHO SEPARATES
THE FACTS FROM THE
FIGURES AND USES THE
FIGURES.**

**"We intend
to make full
use of it"**

*"The service which your
institution extends at all times
is something we think can
hardly be equalled and
we intend to make full use of it."*

Extract from a letter received from
one of our correspondent banks



FOR many years it has been the aim of the Chase National Bank to make its service to its thousands of correspondent banks highly efficient and helpful.

Numerous letters—such as the one

quoted above—are gratifying proof that this phase of Chase banking service has been performed with success and satisfaction to banks both in this country and abroad.

Broaden customer service with Chase correspondent facilities

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation

TALK ABOUT COMPLETE

(More facts about the First Liability)



"TWO things interest my banker friends especially," says Mr. Friendly. "One... American Mutual and its affiliates write practically every kind of insurance, except life. The other... American Mutual has paid back to its policyholders dividends of 20%, or more, in every one of its 61 years!"

"Well," they say, "in that case why isn't American Mutual the best company for us? We could certainly use

that 20% saving to advantage on our own workmen's compensation insurance, or our employees' health and accident, or other casualty insurance."

"It is. And you *could*. And so could a lot of your customers. I'd certainly appreciate a few minutes talk with your Trust Officers about their clients' overall insurance problems. And when it comes to industrial loans—well, you know as well as I do how a little accident in

AMERICAN MUTUAL...the first American liability insurance company

COVERAGE!

Insurance Company) by Mr. Friendly



a plant can sometimes knock out an astounding amount of earning power.

"Right there is where an American Mutual industrial accident policy can make a lot of difference when checked up against any other. A lot of difference both to the bank and to the borrower. For *all* American Mutual Workmen's Compensation policies include I. E. Loss Control Service

that works to keep production and earnings flowing smoothly, by reducing and eliminating accidents and increasing operating efficiency. No need to tell you what *that* can mean to your loan record—and your peace of mind!"



Your helping hand
when trouble comes!

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REMEMBER: ALL AMERICAN MUTUAL POLICIES ARE NON-ASSESSABLE

Total Assets	Total Liabilities	Total Surplus
\$74,597,431	\$58,761,868	\$15,835,562
Total Claims	Total Dividends to Policyholders	
\$301,444,045	\$110,698,159	

Nearly 80% of all assets in U. S. Gov't, first grade industrial, railroad, public utility bonds.



Manufacturers Trust Co., New York City. To furnish 40 foot candles in tellers' counters from fixtures to blend with existing decor, continuous sections of 40W incandescent lamps with individual reflectors and No. 739 Holophane lenses were mounted on the soffit over the counters. Finish is sprayed bronze.

FOR TRUE LIGHTING SATISFACTION . . .

A FRINK *PLAN-O-LITE*

Whatever your lighting requirements may be, there's one way to be *sure* of achieving complete satisfaction and maximum efficiency. Take advantage of the unique *PLAN-O-LITE* service offered by Frink, makers of famous high-quality *L-I-N-O-L-I-T-E* fluorescent fixtures.

This convenient service supplies you with a *PLAN-O-LITE*, an individual layout of your proposed fluorescent installation, *custom-designed*

by Frink's engineers to meet your lighting needs. There is no extra charge for a *PLAN-O-LITE*. It's your guarantee of *planned* lighting efficiency at *standard-fixture* costs.

Send for the sample packet of *PLAN-O-LITE* layouts and photos of resulting installations. See for yourself how *PLAN-O-LITE* has benefited many of America's leading corporations. Mail the coupon today.

CLIP THIS TO YOUR LETTERHEAD



THE FRINK CORPORATION
27-01 Bridge Plaza North, L. I. C., N. Y.
Without cost or obligation, send your sample
packet of *PLAN-O-LITE* fluorescent layouts
and photos to the

Attention of

() also please send catalogue of
new Frink fluorescent fixtures.

6-11

There's a Frink *L-I-N-O-L-I-T-E* fixture correctly engineered for every commercial fluorescent lighting need. Seventeen standard designs of highest quality workmanship and materials, each available with matching incandescent down-lights if desired. Check coupon at left for your copy of the Frink catalogue today.



THE FRINK CORPORATION

27-01 BRIDGE PLAZA NORTH, LONG ISLAND CITY, N. Y.



"It'll take me a little time to get adjusted, but I had a wonderful time on my vacation"

dow display advertising. Nevertheless, our windows have elicited much favorable comment over the years and in our opinion have more than repaid the time and cost involved."

"Bankers' Hours" Again

JUST after we had reported a Newark, New Jersey, newspaper's friendly puncturing of the "bankers' hours" myth, along came a note from THEODORE ROKAHR, vice-president and treasurer of the First Bank & Trust Company of Utica, New York. He enclosed a page of that city's *Observer-Dispatch*.

In a dozen large pictures the paper took the reader on a tour of the First after the day's final customer had left. The sequence showed, of course, the departments going full blast.

"Bankers' hours," said the text, "is an expression usually taken to mean a short working day. But these pictures will show that bank employees remain hard at work after the front door closes."

Reserves for Bad Debts

THE Bureau of Internal Revenue's rules for deducting additions to bank reserves for bad debts aren't what you'd call vacation reading. Nevertheless they're on the "must" list of bank executives responsible for preparing bank income tax returns.

We asked an expert on this intricate subject—DONALD HORNE, a New York lawyer—to write about it for this issue, and his article, "Time for Another Look at Reserves for Bad Debts," occu-



Banking facilities for WORLD TRADE

Correspondents of Bank of America value its International Banking Department, for through its extensive facilities they are able to bring their own customers every service in the field of foreign trade and banking.

Bank of America not only has branches in the port cities of California and throughout the state, but has foreign branches in Manila, Tokyo and London. These are supplemented by strategically located representatives and correspondents throughout the world, and the direct services of this entire network are available to correspondents through a single account in either of Bank of America's main offices.

For complete details on how Bank of America's International Banking Department can serve your bank, write Bank of America, 300 Montgomery St., San Francisco 20, or 660 South Spring St., Los Angeles 54.

Bank of America
NATIONAL TRUST AND SAVINGS ASSOCIATION
California's Nationwide Bank

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION • MEMBER FEDERAL RESERVE SYSTEM

Bank of America Travelers Cheques are known the world over. Sell them to your customers.



ANNOUNCING TWO NEW CHECKBOOKS

We are pleased to announce the introduction of two new DeLuxe Personalized Checkbooks, both being the three-checks-to-a-page style and both employing the simple register for recording transactions.

While both books will have three hundred checks, the smaller, called "The Secretary", will be pocket check size and will sell for \$2.00 including gold-stamped cover, and the larger, called "The Executive", will be business check size and will sell for \$2.75.

Neither book will have a potential market comparable to our Personalized Pocket Checkbook, but they will "round out the line" for bankers who are recovering their check expense thru the sale of imprinted checks to their customers.

This will give banks three check

styles for those who prefer the simplified register method of keeping records; namely (1) The Pocket Style, (2) The Secretary for the home and (3) The Executive for the office, as well as the wide selection of styles and colors in our Standardized Business Check catalog, so practically all customer requirements can be satisfied without any investment by the banks.

The time is ripe now to establish a "Check Desk" from which all checks can be distributed. It can be an elaborate affair in the center of the banking floor or it can be of modest design at any convenient point. The young lady in charge will sell more than she gives away and check expense will quickly shrink. In addition, better control will be provided and swifter and more accurate sorting, posting and filing are assured. Write us for samples of the two new books.

De LUXE
CHECK BOOKS

Manufacturing Plants at:

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

CANADIAN-AMERICAN Commerce

Good neighbors in business as well as in social relations, Canadians and Americans for more than a century have carried on ever-increasing trade across a free and peaceful border.

The Bank of Montreal has been a consistently growing factor in that inter-nation trade. Beginning in 1817 with one office and a staff of seven, the Bank has grown steadily and has kept pace with Canada's needs and with Canadian-American commerce.

Today the Bank offers to Americans dealing with Canadians a nationwide, modern banking service with a network of branches covering the Dominion.

Our assets are more than \$1,700,-



000,000, and we safeguard over a million deposit accounts of customers.

Our services include credit and market information, deposit and loaning facilities, commercial credits, collections and payments, assistance on the intricacies of foreign exchange, and special wire connections to speed transactions.

Inquire at one of our American Offices or at the Head Office, Montreal.

NEW YORK: 64 Wall Street CHICAGO: 27 South LaSalle St.
SAN FRANCISCO: 333 California St.

HEAD OFFICE—MONTREAL

Branches throughout Canada and Newfoundland

BANK OF MONTREAL

ESTABLISHED 1817



"I don't know how I'd get along in this boom if it wasn't for the money I saved during the depression"

pies pages 40 and 41. In explaining and discussing the new tax formula for deducting bad debts on the reserve method Mr. HORNE points out that it spreads deductions evenly over the entire business cycle of banks.

"The first year's return under this new ruling," he writes, "is vital, since it establishes the basis upon which rests the entire superstructure—that is, the annual deduction of the addition to and the ceiling of the reserve. Although in many cases returns have already been filed, it is advisable to review them, and in some cases it may be advisable to file amended reserves, within this year, in order to obtain the full benefit of the new formula for 1947 and 1948."

We might add that these few paragraphs are *not* a review of Mr. HORNE's discussion, and offer no short cut through his exposition. In other words, read the article carefully.

... and 1,688 Kids

THE Federal Reserve Bank of New York is a most business-like building. Maybe functional is the word. Solid and stolid, as so important a structure must be, it stands just north of Wall Street, housing gold and currency and excess reserves—and hundreds of men and women who, as the staff, make possible its many services to the fiscal system of the United States.

The staff has a 30-year-old organization, the Federal Reserve Club of New York, which holds an annual family

(CONTINUED ON PAGE 14)

If gardening is your hobby...

You've shopped around for gardening tools that suit you best—that feel just right in your hands.

You find you get happier results with tools you prefer using!



If typing were your job...

There would be one typewriter that would suit you best . . . that would give you the best results.

Most likely, it would be a Royal—the typewriter that's built up a preference equal to the combined preference for the next three leading makes.

For happier typing, give each of your typists a Royal—the preferred typewriter!

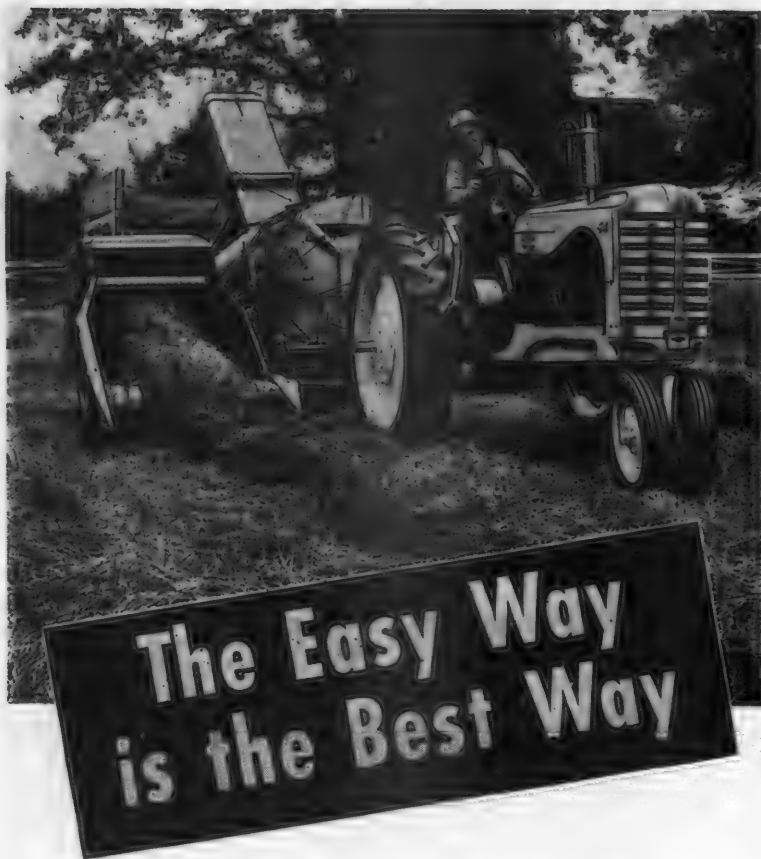


Royals win—hands down!

- 1. Popularity!** Just look how Royal rates with secretaries and typists. A national survey shows that preference for Royal equals the combined preference for the next three most popular standard office typewriters. Your typists will do *more work, better work* on machines they prefer to use.
- 2. Royal efficiency!** There are work-saving, time-saving features on a Royal not found on any other typewriter! Meaning—higher production per machine!
- 3. Royal durability!** These typewriters are *really* sturdy. Royals stand up . . . spend more time on the job, less time out for repairs. With Royal, you get the maximum return for your typewriter investment!



ROYAL—*World's No. 1 Typewriter*



MAKING hay or silage has always been one of the hot, hard jobs. Picture it for a moment . . . the number of operations . . . the time and labor the average farmer spends on it . . . the variety of equipment he needs for it.

Thanks to Massey-Harris engineers, however, there is today an easier way . . . a better way — the Forage Clipper that takes work out and puts quality in.

This single machine cuts, chops, loads any hay or silage crop, ready for blowing into the mow or silo. One man . . . one trip over the field . . . one machine and the whole job is done.

A machine of many accomplishments, the Forage Clipper, with pick-up attachment installed, handles windrowed hay and delivers it chopped or unchopped to the wagon; with

corn attachment, it cuts, chops, and loads up to 12 tons of corn silage an hour.

Following the combine, it picks up straw for bedding, or chops and returns it to the field for plowing under. Many use it for harvesting peas without cracking the pods, and with no time lag between field and viner.

Revolutionary in saving time, labor, and investment in equipment, the Forage Clipper makes for a better product. Faster handling preserves more of the vitamins and nutrients. This means better livestock . . . more economical, more profitable feeding.

Ask the Massey-Harris dealer near you for a copy of "High Quality Forage", written by one of the country's leading animal nutritionists.

The Massey-Harris Company
RACINE, WISCONSIN

Make it a Massey-Harris



JUST A MINUTE — Continued

party at the bank. This year the FRB children were invited; they would like, the club thought, to see where Pop (or maybe Mom) worked.

So, on three Spring Saturdays, 1,688 boys and girls, encompassed by 1,124 fathers, mothers, aunts, uncles and big brothers and sisters tramped through the main entrance prepared for a big time.

They had it. There was lunch in the cafeteria, then cartoon movies and vaudeville, and a trip around the bank, including an inspection of the vaults deep in Manhattan bedrock.

Thanks to the club, **BANKING** is able to report the doings, mostly in pictures. The page number is 24.

Thank You

VENTURING two or three gentle toots on our own horn, we report that:

BANKING received several requests for permission to reprint "Pitfalls for Small Business," the April cartoon story.

Two earlier features along the same line, "What Is a Bank Customer?" and "The Information Treatment," were reproduced in folder form for distribution at a recent public relations meeting of the Connecticut Bankers Association.

(Incidentally, more and more readers are finding in these picture articles truths, palatably presented, which they want to pass along. **BANKING** is always pleased to grant permission for wider distribution of this material for non-commercial purposes. After all, the more people it reaches the better.)

The third trumpet toot is the fact that the Empire City Savings Bank of

(CONTINUED ON PAGE 16)



BANKING

OFFICE MEMORANDUM

From: PCM
To: WSC

Subject: *Bond Account Analysis*

Bill—many times in the past Bankers Trust has given us sound, constructive advice on our Bond Account.

These are uncertain times. How about having them go over our list again?

I recommend it PCM

**How to get specific recommendations on
YOUR BANK'S BOND ACCOUNT**

TODAY, business and economic conditions are undergoing significant changes. You will want to be sure your bond account is analyzed *now* with a view to the conditions that lie ahead.

In making specific recommendations to your bank on the composition of its bond account, our specialists evaluate the following factors—

Volatility of deposits—liquidity of bond account—trends in loans and deposits—nature of deposits—prospects for loan expansion—Treasury and Federal Reserve policies—tax

regulations—interest rates—earnings—and general economic trends.

After careful study, our Bond Department draws up a detailed analysis which recommends *what* to buy and *what* to sell. In addition, we can advise you on the arrangement of maturities, and suggest switches from one issue to another as market

movements provide favorable opportunities.

We will be glad to give you *specific recommendations* for your bank. Simply write Bond Department, Bankers Trust Company, 16 Wall Street, New York 15, to make the necessary arrangements. There is no charge or obligation.

BANKERS TRUST COMPANY
NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



New York Hanseatic Corporation

Founded 1920

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JUST A MINUTE — Continued

New York devoted a window display to the April article, "A Neighborhood Bank Stops Park Avenue." The window showed the course of our story from manuscript to finished magazine: the "copy", galley and page proofs, actual type, printed sheets and bound copies, supplemented by photographs of the various mechanical processes at the Rumford Press, Concord, New Hampshire, where BANKING is produced.

Dog Story

A BROWSE through *Notes*, published by the Federal Reserve Bank of Cleveland, yielded this one:

"It was only a little black mongrel, but GEORGE H. EMDE, assistant cashier, couldn't get the plaintive creature out of his mind as he started back to Cleveland from Tiffin, Ohio.

"Fifteen miles out, GEORGE turned and drove back. There, still shivering against a grocery store front, was the pooch, obviously lost or abandoned—and very hungry.

"GEORGE was startled by the lightness of the dog as he picked him up and drove to a veterinary. The latter suggested the county dog warden who, it developed, was out of town. So into the Seneca County commissioners' office went GEORGE, the dog in his arms. While the commissioners interrupted their meeting to consider what to do, GEORGE went out and bought a pound of ground beef, a quart of milk, and a dish at the dime store.

"As the last of the meat and milk disappeared down the dog's throat the

commissioners decided to keep the dog in the pound until the warden returned the next day.

"I heard GEORGE telling the warden about it on the telephone the day after he got back," said WALTER L. FINDESEN, assistant vice-president. "It struck me that there are still a lot of good people in this world—and you don't have to go far to find them."

Bankers

YOU wouldn't expect to find anything about bankers in the *For Sale, Want and Exchange Bulletin*, published semi-monthly by the Florida State Marketing Bureau, Neill Rhodes, commissioner (editor, too, apparently). That highly utilitarian four-pager is crammed with ads of items for sale. There's an editorial, also, and that's where, in a recent issue, the bankers were.

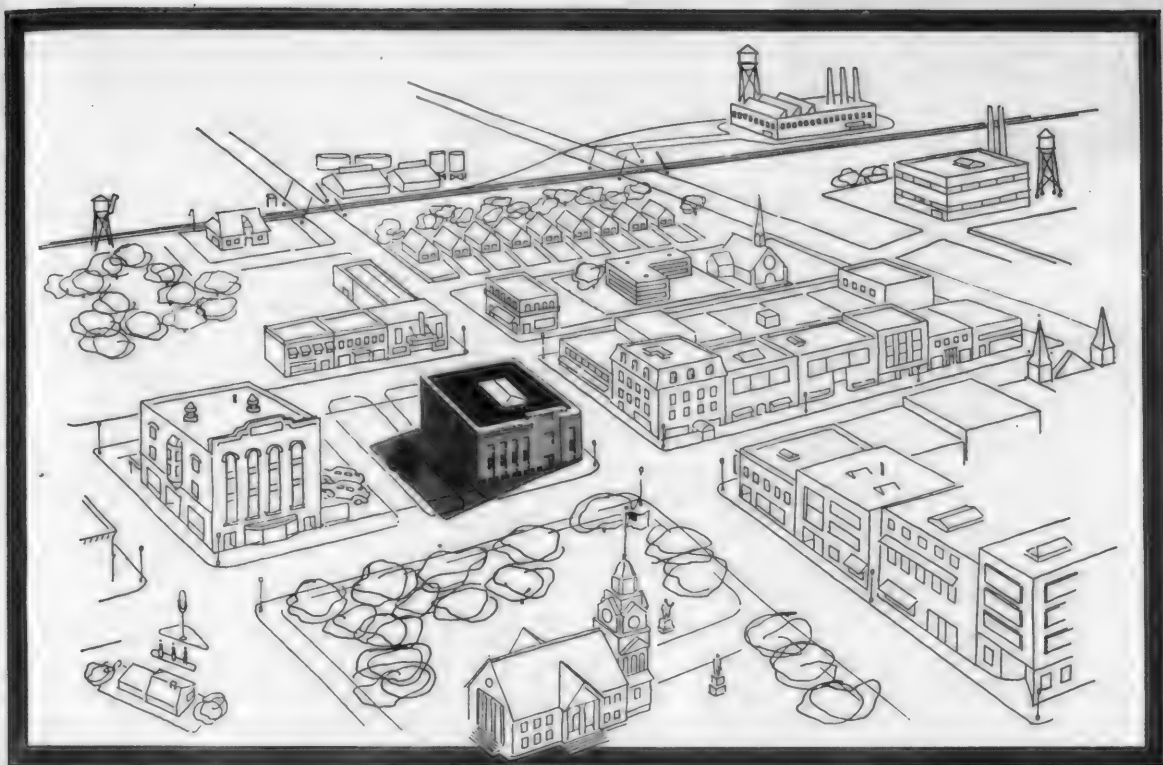
Commissioner RHODES' comment was pleasant.

"I believe," he said, "the banker comes about as near respecting the confidence placed in him as anyone. He may refuse a loan now and then, but before censuring his attitude, remember that if every credit request were granted, those who pay promptly would have to pay more interest — i.e., simply the greater the risk, the more the overhead, the higher the rate. In the final analysis those who pay their own debts pay also for the few who won't or can't, so the banker is protecting his depositors, the public interest, when he refuses unwarranted, unreasonable, unsound credit accommodations."

JOHN L. COOLEY

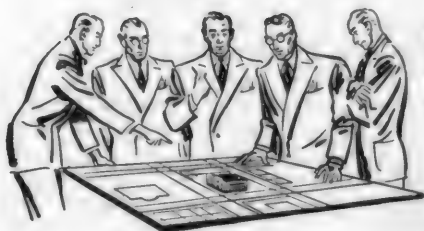


"I won it at a quiz program for guessing whose head is on the Lincoln penny."




trends within a bank ... and its community — must be considered when planning new quarters!

Through experience, we have learned the importance of considering new developments of a community's business, industrial and residential areas when planning a bank's new-quarters project. Your bank must not only be alert to these changes ... but must be *prepared to efficiently handle* the added volume of certain departmental business affected by these community developments. When we design your new quarters, the greatest emphasis is placed on *planning for the future ... TODAY!* Versatility of equipment and floor arrangements is often the solution to these growing trends within your bank. Our organization of bank-designing—building specialists has the experience and "know-how" to develop your new quarters along these lines.



Get the Facts
for your bank's new
quarters. Write today,
no obligation!

America's most experienced bank designers...



Bank Building and Equipment Corporation

OF AMERICA

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Now your tellers can reduce errors when cashing checks. They can do 5½ days' work in 5 days. The Fas-Cash System makes both possible!

This *proved* method does away with the necessity for counting and proving money every time it is paid out. It enables your tellers to cash any check in as little as five seconds . . . cash up to 500 checks an hour.

Creates Customer Good Will

Your customers will like the faster, more efficient service assured by the Fas-Cash System. And you will like the way this new check-cashing system keeps lobbies free from congestion . . . moves waiting lines in your bank more than twice as fast.

The Fas-Cash System has helped many other banks solve their check-cashing problems. It can help your bank, too. Send coupon *today* for details.

FREE!

Send coupon below for your free copy of illustrated folder. Explains how and why the Fas-Cash System will save you money.

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Dept. BA-6, 112 Madison Ave.
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Yes . . . we want to improve customer service. Rush details about the Fas-Cash System, together with free illustrated folder.

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Bank _____

Address _____

City _____ State _____



THAT "GI Bill" which has aided so many returned veterans has also raised many unfounded hopes, which have dropped with a sickening thud. Reading the enthusiastic headlines in newspapers, without troubling to read the "fine print" underneath, has meant disappointment to many who had come to believe that these loans were in reality gifts.

For instance, there was the ex-soldier



who swaggered into our bank one day, dressed in natty "civvies" adorned by the "ruptured duck," and asked confidently for a loan of \$4,000.

"What did you plan to use the money for?" inquired the lending officer.

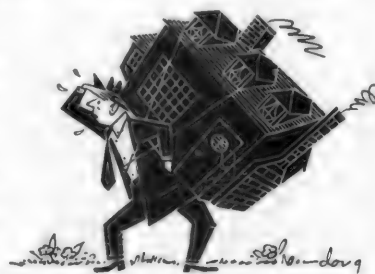
"Well, I hadn't really decided," replied the young fellow. "You see, I've been in the Army over three years now, and I heard the Government was going to lend all the veterans \$4,000 apiece, so I thought I'd get mine now and just play around a while till I get rested up."

Another youthful veteran came in and wanted to know just how much money he could borrow under the "GI Bill." Asked what he intended to use the money for, he said he hadn't made up his mind yet. He might go into the poultry business—he understood it was

pretty easy work, though he had never tried it. On the other hand, maybe it would be better to open up a restaurant, where his wife could do the cooking and he could save paying out money for help. She wasn't such a good cook, but she could learn. He might, however, decide to buy some land and go to raising strawberries—he'd heard there was good money in that; but he thought it would be a good idea to get the money first and then look around for a good proposition. Advised by the somewhat dizzy officer to make a decision, get up his figures and then make an application for a loan for a specific purpose, he started to leave, then came back and, thrusting his head inside the door, asked, "What about getting a loan to go into the cattle business?"

All of these would-be borrowers were perfectly sincere in the impression that the Government would lend them practically any amount desired with no strings whatever.

In justice to the GI's, let me say that they are not the only ones who make applications for loans for strange purposes. For example, a few months ago our bank was offered as collateral a house which the hopeful customer said he had purchased for \$75, and intended to move to another location. It turned out that he wanted to borrow \$100 with which to purchase a bed, springs and mattress and a cook stove, so he could establish bachelor's quarters in it. Gradually it came out that he hadn't yet purchased the house and had no place to put it when he did buy it. With visions of the man carrying the house around on his shoulders while looking for a vacant lot he might secure "for free," the officer declined the loan.



Then there was the lady who was renting a house, in connection with which she had agreed to buy the furniture from her landlord. She needed about \$500 to pay for this old furniture and settle several small debts. She had no money and no collateral, but she was sure that the landlord would be willing to endorse her note so he could be paid for his furniture. He wasn't.

BELLE S. HAMILTON





They shift at midnight

Long after the regular banking day is over, the lights still burn in our Transit Department. A staff is on duty all night, for the Department operates 24 hours a day — clearing transit items with speed and efficiency.

Our Correspondent Banks find this service especially helpful — particularly the speed of our check collections. We are one of the nation's largest

users of air mail for check collection purposes.

All of the services we offer Correspondents — and the list is a complete one — are given in a friendly, personalized way. If you'd like to know more about them, drop us a line at our 15th and Chestnut Streets office. Or stop in for a visit when you're in town. We'll be glad to sit down informally and talk over the ways we can help you.

18 OFFICES

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MEMBER FEDERAL RESERVE SYSTEM • FEDERAL DEPOSIT INSURANCE CORPORATION

North of the Border

Canada's Exchange Position Running 20 Percent Ahead of 1947

COMplete official reports on Canada's trade and financial transactions with the United States are now available and serve to round out the month-to-month data given in *BANKING* since last Summer, when it became apparent that some action would have to be taken to check the outflow of Canada's American dollars.

Total trade, including services and financial transactions, between the two countries aggregated over \$4½ billion and resulted in an overall deficit to Canada of \$1,138 million. Net receipts of convertible exchange from non-American countries, mainly Britain, amounted to \$639 million and, therefore, covered a good part of Canada's shortage of U. S. dollars. Meeting the balance, together with various capital payments, caused a decline in the official gold and American exchange holdings of \$743 million, to the dangerously low level of less than \$500 million towards the end of last year.

Canadian-U. S. Trade Account

The items making up the total Canadian-American trade account, and leading to the severe exchange loss mentioned above, are set out in the accompanying table, but some additional explanatory matter might be of interest. Canada's imports from the United States of nearly \$2 billion represented more than three-quarters of her imports from all sources, as against about 60 percent in prewar times. Higher American prices accounted for a good part of the increased proportion—some official reports suggest that half of the increase can be attributed to this price rise. Another contributory factor, however, was the inability of non-American countries to supply Canada with certain goods, particularly machinery and textiles, in anything like adequate quantities. In the last analysis, however, the increase in imports of American materials and goods reflects a

high degree of Canadian prosperity and exceptional investment activity, mainly in new industrial facilities. The magnitude of private investment in new plants, homes, machinery and inventories is perhaps best illustrated by the fact that it represented over one-fifth of the gross national expenditure for all purposes, as compared with 15 percent in 1946 and not much over 10 percent in the last prewar year. Important components, therefore, of imports from the United States were construction and industrial materials and machinery, as well as an abnormal volume of consumers' goods, notably textiles.

Non-Merchandise Debits

Non-merchandise debits with the United States also increased quite substantially, the greater volume of imports requiring, of course, larger payments for freight and shipping charges. Higher dividends reflected improved earnings of Canadian industrial companies and American-owned subsidiary concerns. There was some withdrawal of American funds accumulated in Canada. In capital transactions the principal item was a redemption of Canadian securities held in U. S. dollar areas amounting to over \$220 million and this, with other security transactions, had the effect of reducing Canada's indebtedness to the United States by nearly \$250 million. In other words, American investments in Canada were reduced to about \$4¾ billion. A small gain in tourist receipts from American visitors over 1946 was disappointing in view of the fact that people in the United States spent about \$100 million more in foreign travel last year. Attention is drawn particularly to Canadian tourist expenditure in the United States, \$152 million. On a per capita basis this was about 10 times the expenditure of Americans in Canada. The favorable balance accruing to Canada on this continental tourist trade was about \$78 million, actually less than in 1946 and, after allowance for price changes, probably the smallest in the last 15 years.

Current Account of the Canadian Balance of Payments with the United States

Revised Statement for 1946 and Preliminary Estimates for 1947

(Millions of Canadian dollars)

(A) Current Receipts by Canada	1946	1947
Merchandise exports (adjusted).....	893	1,046
Receipts by War Supplies, Ltd.....	55	13
Net exports of non-monetary gold.....	96	99
Tourist expenditures.....	216	235
Interest and dividends.....	41	36
Freight and shipping.....	101	102
Inheritances and immigrants' funds.....	19	18
All other current receipts.....	140	147
Total current receipts.....	1,561	1,696
(B) Current Payments by Canada		
Merchandise imports (adjusted).....	1,378	1,951
Tourist expenditures.....	130	152
Interest and dividends.....	250	274
Freight and shipping.....	169	217
War expenditures.....	23	—
Inheritances and emigrants' funds.....	31	37
All other current payments.....	193	203
Total current payments.....	2,174	2,834
(C) Current account balance.....	-613	-1,138

Source: Dominion Bureau of Statistics.

Canada's Exchange Position

Canada's American exchange position has improved, mainly because of a

(CONTINUED ON PAGE 22)



The case of airline Y*

Makes Good Reading for Cost-Conscious Executives Concerned With the Problems of Tomorrow

A Day's Earnings of more than 3 times as much with one Martin 2-0-2 . . . as compared to possible earnings in the same period with a prewar twin-engine plane! Yet the much faster 2-0-2's cost of operation per airplane mile is very little, if any, more than the prewar ship while carrying twice the payload!

That's A Typical Example of why Airline Y is enthusiastic about the new Martin 2-0-2. And why this modern luxury liner spells profitable operation for airlines everywhere.

Additional Facts . . . Airline Y, a South American line, flew one Martin 2-0-2 over the Andes 74 times in less than four months of operation. The present schedule calls for flights of approximately 3150 and 2600 miles on alternate days . . . with a full payload; 36 passengers on the 2-0-2 as compared to 21 passengers on a prewar plane. Average use on the 2-0-2 has been about eight hours a day . . . a remarkable record since this airline does no night flying and seldom flies on Sunday. The Martin 2-0-2 has been crossing the Andes when no other airplane could get across . . . flying at 26,000 feet, over the top of the highest peaks and bad weather in the passes.

* Did you miss "The Case of Airline X"? We'll be happy to send you a copy.



For Full Details on the new Martin 2-0-2 . . . and the outstanding performance which has made it the world's top twin-engine airliner . . . write today to: The Glenn L. Martin Company, Baltimore 3, Md.

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MANUFACTURERS OF: Marvinal resins (Martin Chemicals Division) • Martin 2-0-2 altliners • Advanced military aircraft • Aerial gun turrets • **DEVELOPERS OF:** Rotary wing aircraft (Martin Rotawings Division) • Mareng fuel tanks (licensed to U. S. Rubber Co.) • Honeycomb construction material (licensed to U. S. Plywood Corp.) • Stratovision aerial re-broadcasting (in conjunction with Westinghouse Electric Corp.) **LEADERS OF RESEARCH** to guard the peace and build better living in many far-reaching fields.

North of the Border

(CONTINUED FROM PAGE 20)

continued uptrend in exports, the monthly value of which has run more than 20 percent above that in the early part of 1947. Imports from the United States have also increased, though at a lesser rate than exports, notwithstanding the complete ban on various American products and quotas on others. The explanation of the slight rise lies in official permission for importation of many materials and machinery necessary for a high production of various essential manufactures and of equipment required to complete industrial plant projects started during the last year or so and now well under way. The Export-Import Bank loan of \$300 million is undoubtedly being used extensively to finance these imports; indeed, half of that credit is being allocated to the purchase of American industrial equipment.

ERP "Shopping List"

Further relief to Canada's exchange problem will be afforded by her participation in the European Recovery Plan. Washington has furnished representatives of the Dominion Government with a "shopping list" of Canadian products which the United States is prepared mainly to finance on behalf of the European nations included in the Plan. This list is quite lengthy, made up of nearly 30 major items of a total current value of nearly \$1,400 million. It covers two periods—the three months ending June 30 and the following 12 months. In the first period Canadian goods valued at over \$250 million will be desired, and the balance, of course, over the next year. For the nine months ending December, Canada will probably be asked to supply materials and goods of a value of about \$750 million, quite close to the mark previously set in BANKING.

Canadian products in this list are headed by grains and other foodstuffs, amounting to over \$600 million for the entire period of 15 months of the current European Recovery Plan. Wood products, including lumber, pulp and newsprint, are set at more than \$225 million, while minerals, rich iron ore, steel, copper, lead, zinc and aluminum, are next in order with a value of over \$100 million. Nearly 70 percent of Canada's shipments for the 15-month period would be to Britain, the balance being distributed mainly to Holland, France, Belgium, Luxembourg and Western Germany.

It is believed that this list is generally

acceptable to Canadian authorities subject, of course, to the country's ability to produce the desired quantities, particularly foodstuffs, the supply of which is dependent upon weather conditions in the ensuing crop season. The United States will finance about \$900 million of the total list, leaving nearly \$500 million for Canada to look after on her own account, either by imports from Britain and Continental Europe, by U. S. dollar payments from those areas or by new credits. This Canadian financial end presents something of a problem to the authorities in Ottawa. Canada is willing and ready to take more British and European goods, particularly textiles and machinery, but has found considerable difficulty in locating sufficient supplies and has run into another obstacle in the way of high prices of British textiles—higher, in fact, than those of domestic or American manufacture—which have interfered with a plan to import 100 million yards of cotton goods this year. The granting of new credits after the exhaustion of nearly \$2 billion of such accommodation extended during the last two years has been frowned upon

by Canadian authorities, and by others who have studied the case and have reached the conclusion that this country actually overstrained itself in aid by loans and gifts.

Production Outlook

Provided that suitable financial measures can be devised for all of Canada's proposed part in the European Recovery Plan and provided, also, that present productive conditions remain favorable, Canada should have the exporting capacity to supply materials and goods which American authorities have allocated to her. Industrial production has begun to rise again after a decline in the first quarter of the year. If serious labor troubles can be avoided the recent upturn should continue. Pre-season crop conditions are much more favorable than a year ago, except for extensive flooding of western grain lands, but these could be planted quickly, in a week or 10 days of dry weather, with the great quantity of mechanized equipment now available, although some shifts in acreage (less in wheat and more in feed grains) will be forced by late planting.

By the Way

A successful candidate for office must have winning ways and means.

A couple of unfortunate men are at large in this country now not knowing that they are to be vice-presidential candidates for the two parties next fall.

Death and taxes may always be with us, but death at least doesn't get any worse.

No man enjoys life like the man who doesn't think, but thinks he does.

Socialism becomes popular whenever hard working, thrifty people build something which other people want.

If the world is too much with you, put a nickel in a telephone booth slot and you will be cut off from everything.

What the world needs is a diplomat who can satisfy Stalin and Molotov without giving them what they want.

A college education helps a person to get involved in so many more complicated kinds of trouble.

ECONOMICS SIMPLIFIED—*Prosperity is the period when it is easy to borrow money to buy things which you should be able to pay for out of your own income.*

In a \$39 billion budget it ought to be possible to set aside enough money to teach the Internal Revenue Bureau the basic English necessary to write a readable income tax form.

When the engineers introduce standardization into the hotel business, we suggest that they start with reducing French pastry to a couple of models.

Any nation which has a national political campaign has one form of air mastery.

Something ought to be done to improve sandwiches sold in depots. A coat of clear shellac would make them more attractive and easier to dust.

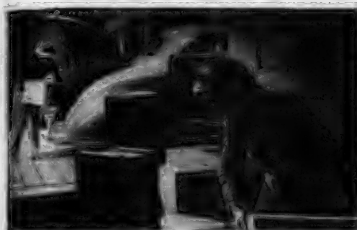
The busier the New York Stock Exchange is, the less time a member has to sit down, and yet the more a seat costs.

BANKING

This Man Can't Stop Burglary



Your payroll may be stolen



Your stock may be appropriated



Your clerks may be held up



Your cash may be pilfered



Your safe may be robbed



Your premises may be damaged



BUT he can stop burglary Losses!

NO matter how strong a lock is, there is always someone who can break it . . . no matter how high a fence is . . . someone can climb over it. But even with the current high rate of crime, your company can protect itself against loss due to burglary or theft. Your

Insurance Agent knows how to give your company maximum coverage against such losses with a minimum of premium outlay. There is a USF&G agent in your community who will be glad to see you, without obligation, at your convenience. Consult him today!

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"Consult your Insurance
Agent or Broker



as you would your
Doctor or Lawyer."



Federal Reserve Children's Party

THE Federal Reserve Bank of New York recently played host to its employees and members of their families at a series of open house and children's parties, sponsored by the employees' organization, the Federal Reserve Club of New York.

Held on three successive Saturdays in April, the three identical parties attracted 1,688 children and 1,124 adults. A tour of the building began at 10 A.M., and included everything from the directors' room to the club's gymnasium. Lunch in the cafeteria was followed by movies and vaudeville acts in the auditorium.

The bank's employees have a permanent record of these hilarious and highly successful events in their weekly publication, *The Federalist*, pictures from which are reproduced here.

Left, the Big Clown (Kieran T. Martin of the bank's savings bond department) is greeted by Leslie R. Rounds, first vice-president. The two small clowns were Jimmy and Tommy Martin. *Center, left*, the Lone Ranger, Voras H. Smith (savings bond department), shares his supply of silver bullets in the pistol range. *Below*, Little Red Riding Hood (Grace A. De Pew, personnel department) and other committee members, greet guests at the bank entrance



Cafeteria trio



New faces around the directors' table





Above, standing room only in the auditorium. Below, the makings of a good party—entertainment and food



Below, in the gymnasium, which was turned into a playground





Mr. Beck is a skilled musician



Bombers on the "junk" pile

A Banker and 350 Bombers

FOLKS around Union City, Tennessee, know of C. E. Beck as a successful businessman. Moreover, they assume that as a vice-president of the Farmers Exchange Bank he is about the last person in town to be recklessly tossing his money into a careless investment. But mouths fell open when it became known that he and two partners had purchased not one but 350 two-engine training bombers. Not even the fact that they had been picked up at \$5 apiece helped allay the amazement.

"What in the world will they do with all those planes?" was a common question. "Looks like they've latched onto a herd of white elephants."

As a matter of fact, Mr. Beck and his two associates, Carl Timm and James Rippey, had nothing particular in mind. But they figured there must be at least \$5 worth of salvage in each plane. And

right off the bat they found sufficient gasoline in the tanks to take care of their investment.

But they still had the job of removing the planes from the nearby training field. And while dismantling some of the bombers, the partners discovered each plane had long fuel and air lines made of aluminum tubing. Moreover, there was mahogany veneer by the thousands of square yards in the 350 fuselages.

Thoughtfully, Mr. Beck picked up a length of the tubing and strummed his finger tips against it. No response. Just a dull, flat sound. But this 65-year-old Tennessean is an accomplished piano, xylophone and marimba player. In fact, he recently made a xylophone out of strips of plate glass and cardboard tubes. He knew that by cutting the aluminum tubing into different lengths, he would obtain sharp, clear notes.

"There's some good in everything," mused Mr. Beck. "Maybe if I could use this tubing as the basis of a toy xylophone, we wouldn't have to throw it away."

So he began experimenting. He found the tubing had been made to rigid government specifications regarding quality and alloys. This simplified the task of determining the lengths of the tubing necessary to make a complete octave. Had the alloy or the thickness of the aluminum varied from one machine to another, it would have been impossible to get true notes. But since the tubing in one bomber was almost the same as that in another machine, it meant that all he or his workmen had to do was to cut each tube to an exact length to get the right notes. Then, to simplify music-making for the little children playing the toy xylophone, each tube was

An aluphone prospect



Two of the "sportsmen's trailers"



painted a different color. Before long the partners were engaged in making "aluphones." The name was coined by taking the first three letters of "aluminum," and combining them with the last five of "xylophone."

Last year the partners, doing business under the name of the Beck Decoy Company of Union City, because they also make aluminum decoy ducks, made the toys on a volume basis. These were sold to department stores in Washington, Nashville and Memphis. With each toy went sheet music scored with colored notes. All the little xylophonist has to do in order to play simple tunes like "London Bridge" and "Three Blind Mice" is to hit the colored tubing designated on the sheet music by colored dots.

But Mr. Beck has figured out additional uses for the bombers and their aluminum tubing. A small toy piano which utilizes the tubing is now being readied for mass production. The cabinet is made of the beautiful mahogany veneer which was found in the plane fuselages. The pianos are very sturdy despite their lightness and apparent fragility. The stools will support the weight of a 200-pounder. A small banjo-like instrument, also utilizing the aluminum tubing, is a third item being made by the firm. Like the aluphone, the piano and banjo tubes will be colored to assist the youngsters in learning the scale. Mr. Beck's plans call for making baby grands with sharps and flats up to four octaves.

Cats as Well as Colors

Since some children find it easier to recognize objects than they do colors, Mr. Beck is planning to identify notes by using animals or plant life—cats, dogs, horses, cows, etc., and roses, daffodils, zinnias, violets—yes, and carrots, cabbages and potatoes, too.

"This will ease the task of learning for some children, since the instruments will be educational as well as interesting," this ingenious businessman-turned-musician insists. "The toys will be ideal for kindergarten or first grade."

In addition to converting bombers into musical instruments, Mr. Beck and his partners made a number of sportsmen's trailers out of the fuselages. Remarkably light for their size and very roomy, the trailers can be hitched to even the lightest car. They weigh less than a thousand pounds. This enables a fisherman or hunter to haul them over the roughest roads. However, the trailers are not being made on a large scale basis.

(CONTINUED ON NEXT PAGE)

Is your bank overlooking a source of profitable business?



Southern California is one of the great agricultural and industrial centers of America. From here drafts covering a huge volume of sales flow to cities and towns all over the country. Banks in many states profit from the handling of the great volume of collection items which we send them.

If you have no banking connection in Southern California and wish to share in this steadily increasing, profitable business, we invite you to open an account with us.

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STATEMENT OF CONDITION SEATTLE-FIRST NATIONAL BANK

AT CLOSE OF BUSINESS APRIL 12, 1948

RESOURCES

	TOTALS
Cash and Due from Banks	\$168,106,537.08
United States Government Securities	215,550,399.95
Obligations of Federal Agencies	9,119,241.23
State and Municipal Securities	58,884,804.08
Other Bonds and Securities	2,418,501.16
Loans and Discounts	195,188,605.13
Federal Reserve Bank Stock	600,000.00
Bank Buildings, Vaults, Furniture & Fixtures	2,609,341.05
Interest Earned Not Received	2,416,487.63
Customers' Liability Under Letters of Credit and Acceptance	1,360,898.85
TOTAL	\$656,254,816.16

LIABILITIES

Capital Stock	\$ 10,000,000.00	
Surplus	10,000,000.00	
Undivided Profits	4,490,968.28	
Reserves for Contingencies	5,607,048.89	\$ 30,098,017.17
Reserves for Interest, Taxes, etc.	1,534,224.26	
Discount Collected Not Earned	995,098.45	
Letters of Credit and Acceptance	1,360,898.85	
Deposits	622,266,577.43	
TOTAL	\$656,254,816.16	

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When he became a vice-president of the Farmers Exchange Bank, Mr. Beck was following in the footsteps of his father, the late J. E. Beck. The latter served as president of the First National Bank of Union City, now the Old and Third National Bank. It was he who made the first collapsible decoy duck on record. Mr. Beck believes his father coined the word "pneumatic" to describe his decoys. They were made of canvas and waterproofed by covering them with a linseed oil preparation. These decoys were shipped all over the world, and one of the customers was the late President Grover Cleveland. Out of this decoy business grew a firm making slickers and other waterproof garments. Mr. Beck, at that time a mere youngster, was induced to return to Union City and become the head of the company making them. This later expanded into a garment-manufacturing concern making children's garments and washable street dresses. So successful was Mr. Beck that he was later offered an attractive salary to become head of a large southern firm making adult clothing. He turned it down in order to remain in Union City.

Manufacturing toys and keeping an eye on banking matters are only part of this Tennessean's program. He is a president of the Obion County Motor Company, Inc., operates a farm implement agency, owns a large dairy farm and is president of the First Federal Savings and Loan Association, a Union City concern.

His hobby is collecting beautiful antique furniture. But, at 65, this versatile businessman is looking forward to bringing music to tens of thousands of children. This is his real interest in life.

— H. S.



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BANKING

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Why Some Burglaries Don't Happen

HAROLD SEVERSON

The author has written at various times for BANKING. He has usually covered agricultural subjects, but this month he describes an activity that always appeals to the interest of those who may, without warning, find themselves at grips with the underworld.

ABURGLAR alarm clanged in a New York building. Seconds later a crew of guards and a police dog darted into action. Working fast, they fanned out in all directions. Methodically they began searching each floor with the dog, nose down, ranging ahead of them.

Within 30 minutes the guards caught up with the dog. He was flashing his teeth at a man cornered on the fourth floor. Once the dog was leashed, the intruder smiled and identified himself as Jack Jones of Underwriters' Laboratories.

The guards, of course, packed him off to the police station. Held overnight, Jones was released the next morning. His identification papers proved he really was an inspector for Underwriters' Laboratories of Chicago. Furthermore, it was he who had tripped the alarm. It was a routine test to check on the guards' alertness at night.

An unusual—and dangerous—vocation? Very much so, but then Underwriters' Laboratories (usually called "U. L." by those who employ its facilities) is a very unusual organization. It is virtually without competition. Largely because of its thorough, unbiased research work, the United States has become a safer place for all of us—including bankers. Conversely, a burglar's life has become virtually a thankless, unrewarded existence because of the quiet, unsung technicians and scientists at U. L.

Run on a non-profit basis, U. L. is positive proof that American industry has a conscience.

"We're not in the business of testing equipment, like burglar alarm systems, safes and locks to make money," U. L. officials assert. "We never solicit work. It comes to us because thousands of American manufacturers want to sell safe, reliable products. We have no



Tests of bullet-proof glass and a safe

stockholders and there are no profits. Everything is done at cost."

How long has this been going on? To be exact, it started back in 1893—the year of the first Chicago World's Fair. There, faulty wiring on the new electric lamps was responsible for numerous fires at the exposition grounds. The trouble was found and corrected by a safety-minded expert. That was U. L.'s first job—for the expert later organized the nucleus of today's giant Underwriters' Laboratories, Inc.

Without U. L., fires would be breaking out almost daily in nearly every block because of defective electrical appliances. U. L.'s rigid inspections assure warehouse owners and hotelmen that their automatic sprinklers will function when fire breaks out. They prevent the electrocution of purchasers of electric blankets and electric razors. Many a chagrined safecracker has been chased away from a "job" because the alarm mechanism, thoroughly tested by U. L., functioned as advertised by its manufacturer.

This third-degreering of myriads of devices, materials and systems is possible because hundreds of American—and several foreign—manufacturers play ball with U. L. engineers. These safety fanatics approach every appliance with the conviction that it is a potential fire-maker or best friend of a burglar. So when a manufacturer turns over his safe or alarm system for a test, U. L. engineers give it a stiff workout. When they're through with it, that article is either okeh or no good—there is no in-between status. If it draws a

rejection slip, it goes back to the manufacturer. It's then up to him to correct his product's faults—if he wants the U. L. label. Then it gets another chance to be tested by U. L. engineers. If it is successful this time, it receives the U. L. label. But should it flunk the examination again, it goes back with another critical letter. Another test? Certainly—provided the maker has changed it according to U. L. specifications.

U. L. doesn't force a manufacturer to comply with its recommendations. That's left up to him and his conscience, but usually he does comply.

Safes, for example, are subjected to the tortures they often meet outside the U. L. laboratory. U. L. engineers, let us say, roast a sample safe of a certain manufacturer who claimed it was fire-resistant. After the roasting, the safe is dropped three stories onto a brick-covered concrete slab. Then it's toasted again. Once the safe has cooled, the door is forced open. To earn a U. L. label, the safe should be intact. None of its seams should have burst open. In addition, papers left inside the safe to simulate valuable documents should still be legible and intact.

It takes a good safe to pass this test. When it does, the manufacturer has permission to affix the U. L. label. The banker who buys this safe knows he has a good one.

No method yet has been devised for informing bankers how many burglaries have been foiled because of these U. L. tests. Yet it is certain that well protected properties are very uninviting to criminals.



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A new industrial economy is developing in our commonwealth based on the substantial foundations of the basic materials available and the happy and contented people constituting the human resources.

The establishment of your business in Utah will give you an opportunity to share in this new industrial economy and to participate in the growth already experienced in the west.

Sincerely yours,

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Herbert B. Maw

* One of a series of advertisements based on industrial opportunities in the states served by Union Pacific Railroad.

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Down the hatch to safety. Cashier Rast demonstrates the night depository

The Cashier Started Teaching

Here Is a High School Program That Will Fit Any Town

BELLE S. HAMILTON

MRS. HAMILTON is a regular contributor to BANKING, under the heading "Around Our Bank." In connection with the article which follows she says: "To give you an idea of how favorably this bit of educational work has been received by school authorities, plans are now being made for similarly practical courses to be presented by other business organizations. The manager of one of our larger insurance agencies is already doing his stuff acquainting the boys and girls of the high school with fire, automobile and other insurance policies and methods. It seems that practical education served up in this painless manner has almost endless possibilities."

MR. RAST, now in his early forties, has been with the bank for 26 years, having joined the organization upon leaving high school.

It all started at a dinner given for their employers by members of the Leesburg Business and Professional Woman's Club last Fall, at which Cashier George H. Rast, of The First National Bank of Leesburg, was a guest. In the course

of conversation, the mathematics teacher of the local high school, one of the hostesses, suggested that he speak before her 12th grade arithmetic class when the students reached the "banking unit" of their course. He agreed, but remarked that just one session would have little value. She took him up on that and pinned him down to teach the entire "banking course."

Six pages of the textbook presented banking in a rather casual and theoretical manner. So Cashier Rast, without any elaborately planned program, began his instruction with what he considered was, for most people, their first contact with banks—the writing of checks. He discovered that in his two classes of 60 pupils less than 10 had ever attempted the writing of a check. So, for his first lesson, he provided blank checks from his bank for practice work, explained how they should be filled in, endorsed and presented for payment. These "trial" checks were then examined and criticized, with stress laid on clearness of figures, wording, dating and signature. This exercise was supervised over and over again.



Check writing is easy after you've learned how

For the next lesson, "Teacher" Rast brought blank deposit tickets, and, after receiving instructions for entering currency, coin and checks, class members filled out hundreds of these for examination and criticism. After several classroom periods, explaining various phases of bank service and methods, the students were brought to the bank, where they saw theory put into practice in the various departments and the operation of the various modern business machines. One pupil, chosen as a "guinea pig," was permitted to open a savings account, after answering the questions for the central file and making out her deposit ticket. She was given a savings pass book with an opening entry of \$2.50, which she was assured was hers to use as she pleased. During subsequent visits to the bank, several of these gift savings accounts were presented to delighted young visitors.

After such visits, when tellers, proof machine operators, bookkeepers and analysis clerks, and other employees demonstrated procedures, class sessions at the school featured panel discussions through which previous study was coordinated with practical bank operations.

Another class lesson concerned the making out of payroll orders, and solutions of various problems were discussed and explained in open forum.

During their bank tours, the workings of the time vault and safe deposit department, coin counting machine and other equipment were explained to the students. When they were back in school again they were given "true or false" tests to determine their understanding of banking principles and methods.

In the loan department one of the young visitors, while the others watched, went through the process of "making a loan," filling out application and financial statement (which didn't reveal any great net worth), and then signing the note, obtaining an endorser, and seeing his loan ledger sheet and instalment payment sheet made up, just like the ones regularly in use. Calculating machines especially adapted to this department were demonstrated.

Becoming interested in these banking students, the bank turned over to the local high school commercial department a superseded coin-counting machine and a bookkeeping machine no longer used, for practice purposes, along with a supply of out-moded ledger sheets and other supplies in quantities sufficient to last for nearly a year.

Classes at the school continued, with study of the various kinds of banks, the Federal Reserve System, Federal Deposit Insurance Corporation, currency, night depositories, banking by mail, interest and other subjects.

As the six months' course drew to a close, students were asked to state, in a test, what had interested them most in their banking classes and on their visits to the bank. Replies were illuminating: "I was amazed at the many time-saving machines and at the smoothness with which the bank operates." . . . "The machine with a big wheel in it that files, tallies amounts, etc., of checks." . . . "I have learned to write checks accurately; also, if I needed a loan, I am more familiar with the bank and wouldn't hesitate to ask." . . .

Giving this course has meant hard work—and plenty of it—for Cashier Rast, who has conducted two classes weekly since October, interspersed with personally conducted bank tours. To him the most outstanding result of the enterprise is the fact that 60 young people have lost all fear and shyness of banks. "Any good they have received," he says, "operates in reverse, because I have learned a lot about the rising generation. I have acquired insight into matters with which their teachers must cope; and have lost any desire I might have had to criticize today's methods of instruction. When these students are graduated in June I shall express my pleasure at having worked with them and learned that the youth of today are O. K."

Completion of this course means that 60 young people now regard the bank as a place of friendly service; that three score prospective customers now understand making out checks, deposit tickets and payrolls correctly; know the processes necessary to collect checks. Sixty boys and girls have reported to their families these pleasant visits to the bank—and their parents, too, are pleased.

At commencement time, each banking student will receive a special "diploma," signed by our president for the bank, by Cashier Rast as instructor, and by the high school mathematics teacher. For many years these diplomas will present tangible evidence of the understanding these boys and girls have acquired of banking methods and services; and, not less important, the realization that banks are community service organizations; friendly, not austere; interested and cooperative, rather than "high hat" and critical.

This diploma (9" x 12") will be awarded students at commencement time—much to their surprise, says the author



Britain's Grandmotherly Bureaucracy

F. BRADSHAW MAKIN

MR. MAKIN is a British writer and economist who frequently contributes to **BANKING**.

PROBABLY the most insidious feature of modern bureaucracy is not the regimentation and form filling it entails, but the sapping of all initiative and the general feeling of frustration engendered. In Britain, and to a lesser degree in the United States, the strong individualistic spirit of self-reliance is in danger of being bartered for a grandmotherly bureaucracy, which, once established, becomes more powerful than any vested interest.

During the war the need for considerable interference with personal liberty and enterprise was unfortunately necessary, but it now appears that wartime restrictions are to become peacetime permanencies. The hordes of officials created by the bureaucratic machine show little reduction, and increased interference will only add to their number. Most of these officials are theorymongers who see a heaven-sent opportunity to experiment in running a peace economy according to their pet ideas. They argue that "what was essential to help win the war must be preserved to consolidate the peace." Some of their arguments sound good and have made quite a few converts, with the result that many people are prepared to support a policy of official control. They are none too clear about what wants controlling, but they are dead certain that the principle of restricting the liberty and enterprise of the individual for the hypothetical benefit of the majority is worth trying.

Some Controls Acceptable

Most reasonable people in the U. S. A. and Britain are agreed that some official control of individual enterprise is necessary and have supported many of the measures brought in since the opening of the century. Measures of public health, social reform and restrictions on the degrading use of child labor, all too common in England in the early 1900's, and of course the anti-trust laws in the U. S. A. have met with the support of all classes. There is, however, a vast difference between the legislation mentioned and the ideas for the future control of human activity which now find acceptance. If the wheel turns full circle and bureaucracy is allowed to operate unchecked, then it can do far more harm than uncontrolled individualism.

It must not be forgotten that it was the strong, imaginative and bold individualistic spirit which laid the foundation and built the greatness of both the United States and Britain. It was no spoon fed, control-ridden body of men who set out in their covered wagons to open up the Far West. The old merchant adventurers of Britain had little backing save their own indomitable spirit. Can one imagine such men filling reams of forms and permits pleading for official sanction? Certainly not. The men who went out into the unknown staked their all, and by dint of their courage, ability and spirited determination to succeed, earned for us that

legacy of unfettered enterprise which is now in jeopardy. No official limpet, swathed in red tape, possesses either the vision, guts or initiative to organise bold and far-reaching enterprises; the best such a person can achieve is either the squandering of other peoples resources or a firmness in the refusal to give a decision. How much Britain's recovery effort is being hindered and muddled by many of the junior "Jacks in office" one can not say, but no doubt it is considerable.

The Ill Effects on Youth

If a country is to progress or even retain its position, some curb must be placed on the activities of the bureaucrats. Unless this is done it bodes ill for the enterprise of the coming generation. Youth has a natural gift for refusing to be baulked by obstacles, has also drive and initiative but—youthfulness is but a short span in man's life, and all too soon gives way to more easily satisfied middle age. To stifle the urge and drive of an all too short youth is a fundamental error. To regiment, direct and restrict the future leaders of industry spells the negation of all that is best in freedom loving peoples. If the bureaucracies have their way the fine temper of youth will become atrophied, and all that we can look forward to in our young people will be a flabby, docile inertia.

In the muddled, unhappy state of the postwar world, some measure of control and interference is admittedly necessary. It must not, however, so sap initiative that there develops a docile, subservient dependence on an officious bureaucracy. The individual must not attempt to relieve himself of all responsibility and lean on governmental control. Neither can he risk conforming to the authoritarian's ideal, which is an unquestioning submission and adherence to official edicts. If countries remain blind to the danger which exists they will shortly find themselves so enmeshed in the toils of the red-tape fraternity that to seek freedom will be a task of no small order.

No Wonder Paper Is Scarce

In Britain both old and young are rapidly degenerating into a race of form-filling units. Their past, present and future hopes, aspirations and ambitions are listed, docketed, filed and then relisted by a vast horde of officials. If the average British businessman were asked what percentage of his staff was engaged in form filling and return compiling, his reply would astound anyone not familiar with the routine. Though paper and manpower are both in short supply, the spate of government forms, returns, schedules and orders continues unabated. The government orders, controlling or restricting this or that or the other, run into thousands.

Though it is fashionable to decry the profit motive and price mechanism, it must be admitted that as an instrument of control they operate far better than the edicts of the aloof bureaucrat.

Are Bank Earnings High Enough?

JAMES W. WOOSTER, JR.

MR. WOOSTER, who is a frequent contributor to *BANKING*, is investment consultant to *The Commonwealth Fund*, New York City. He is the author of "Bankers' Handbook of Bond Investment," and is on the faculty of *The Graduate School of Banking of the American Bankers Association*.

THE banking business is one of the least understood of all the major American industries. It is not uncommon to hear the remark, "Banking has become a riskless business," or "Operating a bank successfully is as easy as shooting fish in a barrel." If such statements were ever true, which is at least questionable, they are certainly not an accurate appraisal of the banking business today.

Problems Confronting Bankers

Consider, for a moment, some of the problems of the past year or so, to which bankers have had to find correct answers:

(1) Deposits of all banks in the United States, after nearly tripling in the six years following 1939, began to turn down in 1946. Within 18 months they had declined by about \$10 billion. Bankers had to decide which of their assets should be liquidated to take care of these withdrawals.

(2) No sooner had the decline in deposits begun to flatten out in 1947 when a new problem forced itself into the banking picture. Money rates began to tighten, insurance companies and other institutional investors found increased outlets for their funds, and the demand for long term government bonds slackened. As a consequence, prices began to soften, a little at first, and then at an increasing tempo as it became evident that official support was necessary to keep the decline orderly.

(3) Now, in mid-1948 new banking problems are in the

ascendancy. Income from the investment account, which has been the wheelhorse in the earnings picture throughout the war and postwar periods, has been reduced, due chiefly to the sale of securities to meet the deposit declines of 1946 and as a protective measure during the unsettled markets of late 1947.

Public Stake in Problems

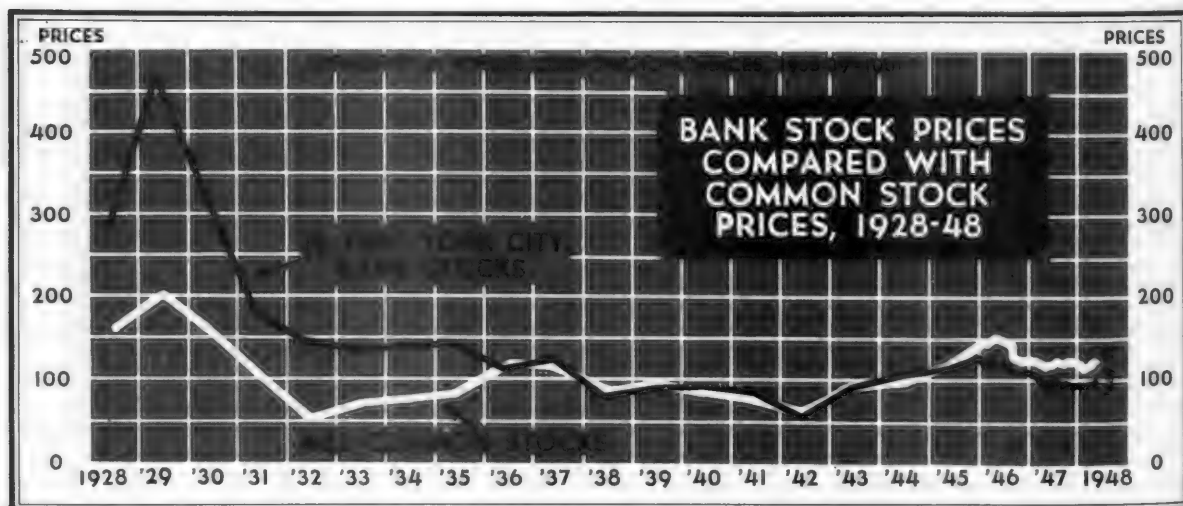
Although these problems, and comparable problems which will arise in the future, are primarily the concern of the bankers themselves, the public also has an interest and a stake in them. For, if the public mistakenly believes that banking is an easy, non-competitive business, providing good profits for both the efficient and the inefficient, then the public is going to resist the attempts of the banking business to price its services at a fair level.

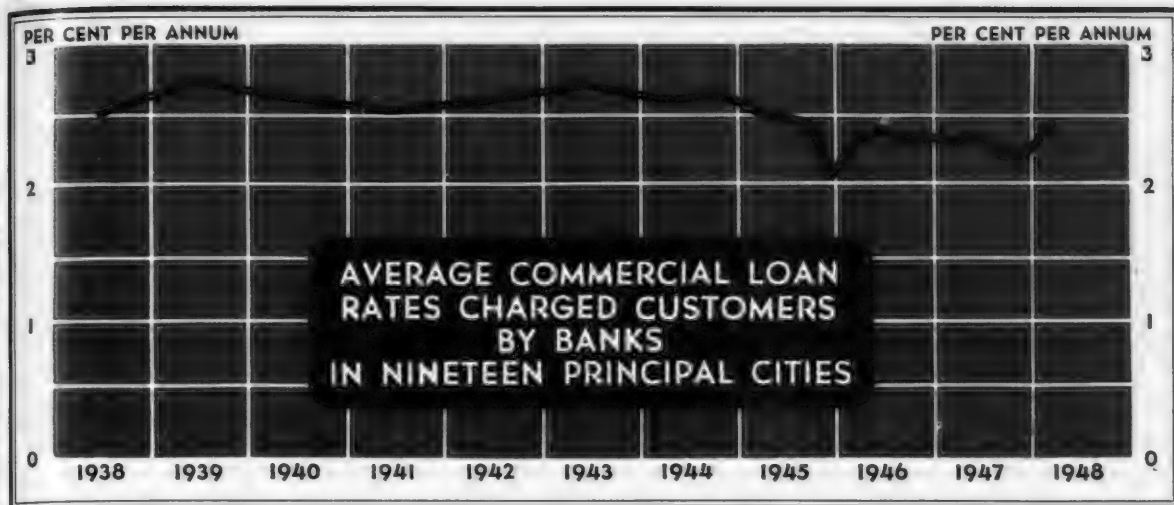
It is not in the public interest that banking be conducted at a loss or at a subnormal profit level. Healthy, growing general business requires a healthy, growing banking business to provide needed financial facilities. It is therefore a matter of public concern that our private banking system be operated with enough profitability to permit it to obtain in the open market and in competition with other businesses the new capital which all expanding industries require.

Let us take a look at the current and prospective rate of earnings of our banking system, together with an appraisal of the adequacy of such earnings for the purpose of encouraging additional investments in this business.

Sophisticated Market

The bank stock market is a sophisticated market. Stocks of our leading banks are owned to a large extent by "professional" investors—insurance companies, estates, invest-





ment trusts and other institutions. The stock portfolio managers of these institutions cannot allow sentiment or tradition or wishful thinking to influence their judgments. Their decisions have to be impartial, impersonal, and, above all, accurate. It is interesting to see how the market for bank stocks, reflecting the opinion of expert investors, has behaved during the past few years.

In January of 1946, two and a half years ago, the Standard-Poor index of 19 New York City bank stocks was 126. At the same time, the corresponding index of 402 common stocks was about 145. At present, the common stock index is around 125-130, or less than 15 percent below their January 1946 level, whereas the index of 19 New York City bank stocks is about 96, a drop of about 25 percent from two and a half years ago. Investors have been showing an unmistakable aversion to the banking business.

While bank stocks have behaved poorly from a comparative standpoint, it is also interesting to appraise them in a more direct fashion. Present market prices for a group of 16 of the nation's largest banks, located in various cities throughout the East and Midwest, aggregate less than 90 percent of their book value as shown by most recent statements of condition. In other words, it is possible today to purchase in the open market a partnership in leading banking institutions at a price below reproduction value.

Moreover, this reproduction value gives no weight to such intangible but very valuable assets as going concern value, goodwill and customer relationships, including the considerable cost of acquiring the billions of dollars of deposits which this group of banks has developed.

Reason for Lack of Confidence

What is the reason for this lack of investor confidence in bank stocks? The greatest single factor, undoubtedly, is the drab earnings record of most banks in recent years. During the year 1947, when many businesses enjoyed record high earnings, the net operating income of many banks declined. Out of 18 Federal Reserve member banks in New York City, the 1947 net operating income of 16 was less than 1946. The two increases were moderate, amounting to 2 percent and 9 percent, while the decreases ranged from 3 percent to 19 percent, with the average decrease in excess of 10 percent.

Earnings reported thus far in 1948 suggest a possible ar-

restation of this decline. Whether this flattening out of the declining trend of earnings represents a definite turning point for the better is of paramount concern not only to bankers and the owners of bank shares, but to all those who have an interest in a strong, and therefore, necessarily, a profitable banking system.

Low earnings are mainly due to bankers' failure to price their services at a sufficiently high level to permit them to earn the profits necessary to attract new investment money to the banking business. In 1939 the average rate on commercial loans charged customers by banks in 19 principal cities was 2.78 percent. In March of this year, the average rate was 2.46 percent. Service charge schedules in many instances remain at prewar levels despite the substantial increase in costs which has taken place, and trust fees, in some cases fixed by statute, often fail to offset the expenses involved in trust administration.

Bank Earnings Stabilizing

Bank earnings, following a declining trend in the postwar period, appear to have stabilized, at least temporarily. But their current level is inadequate to support a price level for bank stocks equal to the money already invested in the banking business. Under such conditions it is impossible for the banking system to attract the additional capital which all healthy, growing businesses require.

The basic reason for present subnormal bank earnings is the failure of bankers to charge an adequate price for their services. This failure, in turn, is fostered by an uninformed public which mistakenly considers the banking business to be more profitable and less risky than it actually is. With operating costs high, and with the prospect for any reduction therein remote, the primary hope for a warranted increase in bank earnings is through an upward adjustment in the selling price of the services which banks render.

Such an adjustment will call for courage and determination on the part of bankers, and increased understanding on the part of the public. Both requirements can be achieved if bankers themselves are willing to make the necessary effort. The objective, a continuation of a sound and healthy banking system, is worthy, and is one in which bank management, bank owners and bank customers all have a vital interest.

Time for Another Look At Reserves for Bad Debts

DONALD HORNE

The author, a member of the New York Bar, is a specialist in tax law. He was formerly special attorney for the Bureau of Internal Revenue and, later, tax counselor for the Institute for Economic Research. He has contributed to a large number of business and financial publications.

THE ceiling is the salient feature of the income tax reserve for bad debts as now authorized. Treasury Department ruling designated as Mim. No. 6209 provided for a ceiling and regulated the calculation of a deductible addition to a reserve for bad debts. The existence of a ceiling tends to assure the accumulation by a bank of a reserve sufficient to span a depression. It also tends to assure allowance of the deduction of the bank's addition to the reserve for any year until the ceiling is reached. For, since the ceiling indicates the amount of reserve for bad debts considered appropriate, it is not important to the Government in what years the accumulation takes place. It is not possible for a bank to accumulate the entire reserve and deduct its amount up to the ceiling in any one year. By definition the ceiling is three times the deductible addition of the current year.

Long-Term Ratio Spans Bank Business Cycle

The second important feature is the long-term ratio of bad debts to loans. The ruling shows recognition of the fact that a bank's business cycle is approximately 20 years. Previously revenue agents often calculated the so-called "reasonable addition to a reserve for bad debts" by taking a percentage of outstanding loans at the end of the taxable year equal to the average ratio of bad debts to loans outstanding at the end of each year for a period of five years. This process furnished a distorted figure of average bad debt losses, for it covered only a small portion of the business cycle. The purpose of using the long 20-year term average is to spread the bad debt losses over the entire cycle, and thus accomplish two results, viz: (1) Permit the accumulation of a substantial reserve to tide over a depression period, and (2) eliminate large bad debt deductions in depression years when banks are apt to have no income in excess of other expenses and losses, against which to apply them.

New Formula Banishes Uncertainty

The newly authorized method is advantageous because it is liberal and banishes the element of uncertainty. The ruling not only prescribes a definite method by which banks may calculate their bad debt deductions with uniformity, but provides a generous limit to which the bad debt reserve can be built up.

The prescribed method of calculating the deductible addi-

tion to reserve for bad debts is relatively simple and flexible. The 20-year moving average always includes the taxable year. The average ratio of bad debts to loans may be obtained in either of two ways: (1) By obtaining the percentage of aggregate bad debts of the 20-year period to the aggregate of loans outstanding at the ends of all the 20 years; or (2) by finding the percentage of bad debts to loans outstanding at the year's end for each of the 20 years, and then finding the average of these percentages. The two methods bring somewhat different results, but in the long run should give the same result, if consistently used. Whichever method is chosen must be used exclusively in subsequent years.

Unless the accumulated reserve should happen to be substantially exhausted by charge-offs of heavy losses—a situation which might occur in the event of a depression—it is to be anticipated that most banks will reach the ceiling in four or five years. When that time comes, and the difference between the amount of the accumulated reserve and the ceiling is less than the amount of the current moving average applied to loans outstanding, the bank will be allowed to deduct only enough to reach the ceiling. From that time on, the amount of deductible addition to the reserve for bad debts will be limited to the amount of the charge-offs, unless the net amount of the charge-offs exceeds the amount of the moving average applied to loans. In that case, the bank will, of course, credit the full amount of the latter to the reserve and deduct it, for the full addition to the reserve, as determined by the moving average, will not bring the amount of the accumulated reserve up to the ceiling.

The accumulated reserve for bad debts may be increased in two ways: (1) By the addition of the moving average applied to loans, and (2) by the credit of recoveries. The latter may drive the accumulated reserve above the ceiling, although the former may not. It follows that if the recoveries drive the reserve above the ceiling, no amount may be added for the same year representing the current moving average applied to loans. Until the reserve is reduced by charge-offs to a figure below the ceiling, no amount may be added to reserve on account of the moving average percentage applied to loans.

Calculation of 20-Year Moving Average Percentage

The principal problems in applying Mim. No. 6209 lie in the selection of the figures (debts and loans) to be used in determining the moving average percentage. Certain definite rules govern this procedure. The "bad debt" loss to be used for each of the 20 years is the amount of the charge-offs made in that year less the recoveries made in the same year, so that the bad debt loss means the *net* bad debt loss. The

Mimeograph No. 6209

ON December 7, 1947, Mimeograph No. 6209 was issued by the Bureau of Internal Revenue, providing rules for the deduction by banks of additions to reserves for bad debts. Most banks were using the specific charge-off method of reporting bad debts in their income tax returns.

The time for making application to change from the specific charge-off to the reserve method had elapsed on December 1, 1947, but this time was extended (for 1947 returns only) to March 15, 1948. The new ruling was advantageous to banks, and most of them applied for permission to use it. The time remaining before the return date for most banks, which was

March 15, 1948, was inadequate for the thorough consideration which the subject deserved. Many important questions of interpretation and procedure were not answered by the Bureau of Internal Revenue until March 31, 1948, when it sent a letter to the Committee of Banking Institutions, New York, two weeks after the return date for banks on the calendar year basis. Some important questions of interpretation and procedure are still unanswered.

The first year's return under the new ruling is vital, since it establishes the basis upon which rests the entire superstructure, that is, the annual deduction of the addition to and the ceiling of the reserve. Although in many cases returns have already been filed, it is advisable to review them, and in some cases it may be advisable to file amended returns, within this year, in order to obtain the full benefit of the new formula for 1947 and 1948.

charge-offs mean the actual charge-offs whether or not deducted from gross income. The term "recoveries" means any recoveries, whether or not of debts deducted as bad within the 20-year period. Bad debts, deduction of which was allowable but not taken, should be included in calculating the moving average experience factor. Recoveries of allowable deductions, though never deducted, should also be included in determining the net bad debts of each of the 20 years in the experience period.

In the case of bad debt losses on mortgage foreclosure, the difference between the outstanding mortgage debt and the bid price for the property securing it is the amount to be taken into the account. If the bid price was less than the fair market value of the property, that fact would be immaterial in determining the bad debt loss, because, in a similar situation occurring within the taxable year, such difference would be treated as a short term capital gain, and taxed accordingly. Hence, the amount to be included as an experience factor is not the difference between the outstanding mortgage debt and the fair market value of the property, but the difference between the outstanding mortgage debt and the bid price.

In case of a consolidation, merger, conversion or similar reorganization, the resulting bank may use the experience of its predecessor, "if it carries on the business of its predecessor in a comparable manner." A newly organized bank or a bank without sufficient years experience for computing the 20-year moving average may set up a reserve commensurate with the average experience of other similar banks with respect to the same type of loans, preferably in the same locality.

Classification of Loans

The ruling provides in paragraph four:

In computing the moving average percentage of actual bad debt losses to loans, the average should be computed on loans comparable in their nature and risk involved to those outstanding at the close of the current taxable year involved. Government insured loans should be eliminated from prior years' accounts in computing percentages of past losses, also from the current year loans in computing allowable deductions for additions to the reserve. Losses not in the nature of bad debts resulting from the ordinary conduct of the present business should also be eliminated in computing percentages of prior losses.

The Bureau has refused to alter this paragraph by eliminating the first and third sentences, as the banks have requested.

The Bureau, in a letter dated March 31, 1948, asserted that:

It is not possible to specify the particular type of government insured or guaranteed loans which is intended to be eliminated under paragraph four of the mimeograph. In referring to government insured or guaranteed loans, the intention of this office was to exclude only 100 percent insured or guaranteed loans.

Treatment of Government-Insured Loans

The following is a summary, according to the best information available, of government-insured loans and their treatment under the ruling:

FHA Title I mortgage loans, which are 100 percent insured, are clearly to be excluded.

FHA Title I modernization loans, which carry a 10 percent insurance credit based on the total of such loans, which can be drawn upon for 100 percent reimbursement for loans going bad up to 10 percent of the total, have not been defined by the Treasury Department as 100 percent insured or not. However, since they are not 100 percent insured at the outset, it appears they should be included in the outstanding loan volume.

GI mortgage loans and GI business loans, made under the VA guaranty, with 50 percent of the loan guaranteed up to and including \$2,000, should be included in loans outstanding.

GI business loans, made under the 15 percent "insurance" fund plan, like Title II modernization loans, have not yet been defined by the Treasury as to whether "100 percent guaranteed" or not.

RFC "blanket participation" loans, where 75 percent of the loan is guaranteed by the RFC, should be included in loans outstanding in computing the loss experience.

In the absence of a Treasury definition, general opinion appears to be that since GI 15 percent insured business loans and FHA 10 percent insured modernization loans are not 100 percent insured when initially made, they are not to be classed as 100 percent insured and excluded, although they ultimately may prove to be 100 percent insured.

(CONTINUED ON PAGE 90)

HOWIE DUZZIT MORTGAGE LOAN OFFICER

INTRODUCING Howie Duzzit, diplomat, expediter and pillar of efficiency. This mortgage officer applies his unlimited banking experience to some well known headaches of a mortgage loan officer. In presenting these problems everyone has a chance to solve them. Select from the suggested answers the ones you think are the best solutions and present them to your mortgage loan officer for grading.



NBO talking:

"John, old man, I've promised our good friend Mr. Nice Account you'd fix him up with a dandy apartment. Something around \$50 or \$60."

WOULD YOU —

- (1) Give him your own apartment?
- (2) Turn the fire hose on him?
- (3) Show him tables of housing needs as compared with recent construction? Show him rent schedules in effect and explain that the few apartments that do become available are invariably high?



"Isn't it a beauty, old pal, old pal? A steal at \$18,000. Now why don't you be a good guy and let me have a measly \$17,000 on it?"

WOULD YOU —

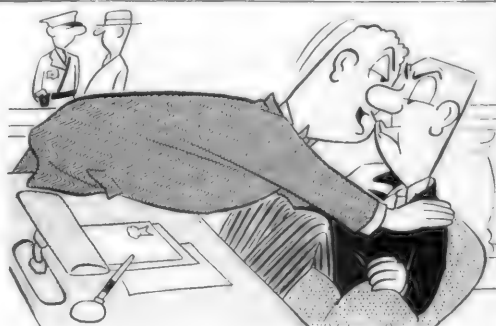
- (1) Explain politely that the legal maximum you could lend would be about \$12,000 and suggest he get a second mortgage for the difference from a friend if he still has any?
- (2) Give him the money from your own pocket?
- (3) Send him to the bank down the street?



"It's really a charming house — cost \$3,500 to build 41 years ago, but I'd be willing to let it go for \$25,000."

WOULD YOU —

- (1) Ask what the blanking blazes they think this is, a real estate office?
- (2) Lock the mother in the vault and make a date with the daughter?
- (3) Explain that although real estate prices have risen considerably, houses are not so easy to sell as they were — and especially houses whose life does not begin at 40.



"This mortgage amount is swell, but don't you think you're squeezing me a bit on the interest rate? Honestly, now?"

WOULD YOU —

- (1) Suggest that he drop dead?
- (2) Point out that while every expense connected with building (and most other things) has risen to all-time highs mortgage rates have not changed appreciably.
- (3) Give him the money free?



"We've had a lot of doctors' bills, my salary barely meets the high living costs and I just have to miss a few mortgage payments or go bankrupt."

WOULD YOU —

- (1) Tell him it's O.K. — go home and have more kids?
- (2) Give him a ticket to Russia?
- (3) Explain that you loaned him money belonging to your depositors, people like himself, and that hundreds of families would lose everything if the bank did not administer the lending of their funds in a sound business-like manner?



"We sold our house and made a nice profit and now those thieving real estate owners are trying to steal it away. YOU just have to get us another place cheap."

WOULD YOU —

- (1) Laugh until you almost cry?
- (2) Point out sympathetically that you are not in the real estate business and have nothing to do with prices?
- (3) Call your wife and have a chat?



"I'm a contractor, not a charity institution. If I'm going to build this guy's house I want my money yesterday!"

WOULD YOU —

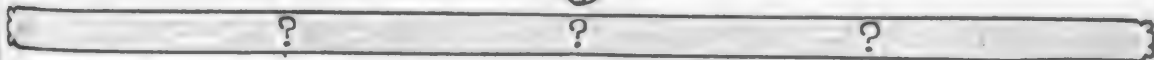
- (1) Recognize the fact that the contractor has salary obligations to meet, bills to pay and explain that you're doing everything possible to expedite the matter. Tell him the title search or appraisal committee or whatever is causing the delay is moving as fast as possible.
- (2) Hit him with a bag of water.
- (3) Mark a deck and play him gin rummy.

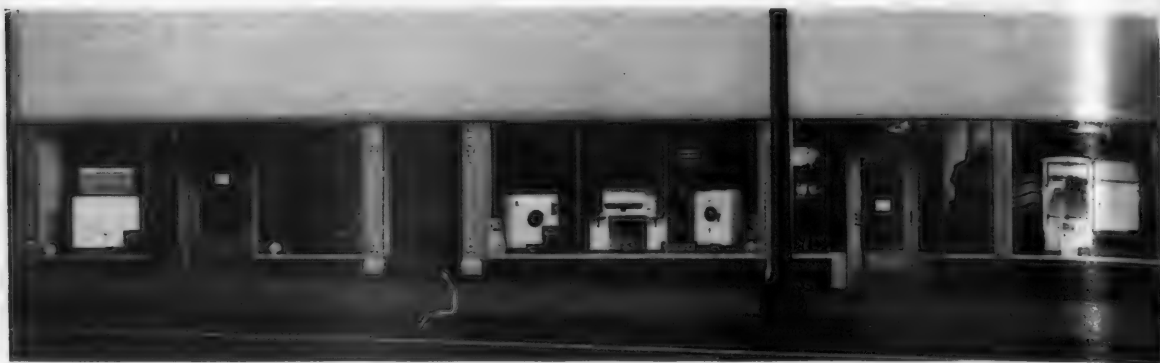


"You're disobeying the law. It says I can have a 100 percent loan on a house because I served my country honorably."

WOULD YOU —

- (1) Explain that the law was designed to help him own a home AND protect him from unscrupulous owners who would sell him a place at an exorbitant price. It also protects him from taking on obligations he cannot meet.
- (2) Tell him to join the Army if he doesn't like it?
- (3) Make him stand at attention?





Security Trust Co., Rochester, N. Y., houses its consumer credit department in a remodeled building next to the bank, using the window space for displays of consumer goods. The picture was taken while the remodeling was in progress.

Bank Windows That Sell

A WINDOW, says the dictionary, is an opening in the wall of a building for the admission of light and air. But many banks, like stores, have discovered that a window can also be an opening into public interest, goodwill—and sales.

The Security Trust Company of Rochester, New York, remodelled a triple store front to obtain window space that some stores might wish was theirs. As the picture at the top of this page shows, the spread of plate glass is devoted to displays of merchandise—refrigerators, stoves, washers. The closeup at the right shows one section of this expanse, the entrance to the bank's consumer credit department. Needless to say, the goods and the signs that describe them are tied to Security's time payment plan: the bank makes it easy to buy the things shown in the window.

At the bottom of the page are samplings of window use by the American National Bank and Trust Company of Chicago. This institution has been featuring displays since 1941,



Ranges and radios—closeup of a Security Trust window

for their advertising value and, in part, to compensate for the fact that the main banking floor is above street level.

"Our displays fall into four general classifications," C. A. Hemminger, in charge of the bank's public relations department, tells *BANKING*. Here they are:

Below, two window displays at the American National Bank and Trust Co., Chicago. The one at the right focuses attention on the bank's services.





BANKING was featured in a recent window exhibit at the Empire City Savings Bank, New York. The sign explains: "BANKING's April issue has an article ['A Neighborhood Bank Stops Park Avenue'] about Empire City's window displays. Here's the play-by-play of the article's journey from the author's typewriter to the finished magazine." The exhibit included manuscript, proofs and actual type of the article. Photographs showed production stages—composition, printing, folding, binding—at Rumford Press, Concord N. H., where the magazine is manufactured

(1) *Straight merchandising*—displays that merchandise specific services of the bank and usually tie in with its newspaper and direct mail advertising.

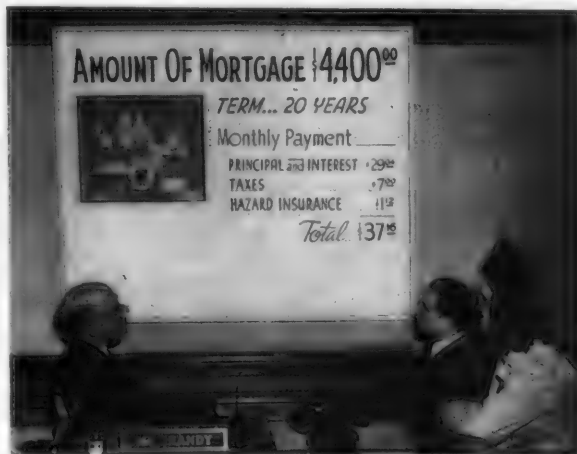
(2) *Institutional*—displays emphasizing the scope and variety of the bank's services or offering general statistical information about the American National and its growth. One display, for example, was an attractively framed blow-up of the condition statement.

(3) *Patriotic, seasonal and community relations*—Washington and Lincoln motifs in February; Christmas holiday windows; displays for such organizations as the Red Cross, Community Fund, Boy Scouts.

(4) *Educational and informational*—for example, the "Know Your Money" exhibit prepared by the U. S. Secret Service, and a window featuring the International Livestock Exposition.

Design and copy are usually worked out by a planning board comprising representatives of the bank, its advertising agency, and the display building firm.

"Experience has taught us," says Mr. Hemminger, "that while seasonal and informational windows stop a great number of people, they are not likely to pay off in terms of new business. Therefore, while we occasionally go overboard for interesting but irrelevant exhibits, we attempt to keep



First and American National Bank of Duluth has used the above placard effectively for display purposes

Below, a window of The Continental National Bank of Lincoln, Neb., featuring some of the products made in that city





The window at the left displays office equipment, the one at the right a range. The center card tells the price of the stove, the down payment and the monthly instalments. The card at the lower right is a reminder that automatic heating can be purchased with a bank loan

the main emphasis where it properly belongs—on bread and butter windows devoted to American National services.”

The First and American National Bank of Duluth also makes regular use of its windows. In fact, it keeps a girl busy arranging displays of customers' wares, hobbies of residents, school activities (athletic trophies, etc.), and other attention-getting material. It also does a bit of lobby promotion of its own services, such as the mortgage placard shown at the right. This was also shown at a building exposition, and hung on the wall of the mortgage department.

THE Continental National Bank of Lincoln, Nebraska, has 10 large show windows which it keeps filled with a wide variety of displays that include messages on bank services and local products. Vice-president Edward A. Becker says banks don't appreciate the value of window displays. He believes "this space is just as valuable to a bank in showing its services" as to a retailer in exhibiting his goods.

Another bank in Rochester, New York—the Central Trust Company—has a large window in a small building that houses its consumer credit department, adjoining the main

office. Exhibits in this window mostly feature consumer goods. Each runs for two weeks and space allocations are made three or four months in advance. The displays are carefully planned and are very popular.

An example of a community interest window is provided by the Farmers and Merchants National Bank of Los Angeles, which gives space to public events: the Community Chest, food conservation, Savings Bonds, the March of Dimes, national days and similar projects. It also based a display on a school editorial contest on the Freedom Train.

Colonial Trust Company of New York City has spacious windows on two streets at its Rockefeller Center branch, and it used them to advantage this Spring in displaying 18 paintings by Clarence R. Chaney, vice-chairman of the board of the Northwestern National Bank, Minneapolis. Mr. Chaney took up painting some years ago as a hobby. His work, Arthur S. Kleeman, Colonial's president points out, has been so signally recognized that he spends almost every free moment at his easel.

Mr. Chaney's activities as an artist have been previously reported in this magazine.

The Farmers and Merchants National Bank of Los Angeles made an attention-getting window display of prize-winning editorials on the

Freedom Train, published in high school papers in the area. The exhibit included the editorials and their authors, Pat Tuft and Jack Christensen. The bank's vice-president, Fred Halpert, presented each of the winners with a copy of "The Heritage of Freedom," also used in the display



Costs in the Savings Business

J. R. DUNKERLEY

MR. DUNKERLEY, deputy manager of the American Bankers Association and secretary of its Savings Division, explodes some common fallacies that savings deposits are less profitable than demand deposits.

A COMMON fallacy in the banking business is the one which suggests that savings deposits are less profitable than demand deposits because a bank must pay interest on the former but not on the latter.

Two Actual Cost Experiences

	Bank No. 379	Bank No. 333
Population	32,332	155,968
Location	Oklahoma	Kansas
Average deposits	\$1,083,316	\$7,769,999
Investment cost	.75%	.55%
Deposit ratios:		
Interest earnings	1.78%	1.54%
Interest paid	0.54%	.55%
Expenses	0.52%	.31%
Net profit	0.72%	.69%

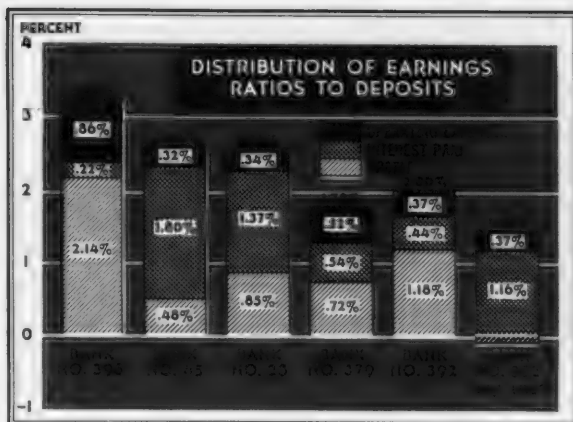
Expenditures (investment expense not included)

	\$	\$
Advertising	299.00	750.00
Depreciation	250.00	340.00
Dues and subscriptions	87.90	25.00
Examinations	18.89	326.40
Insurance expense	1,017.40	7,135.00
Miscellaneous	310.85	535.15
Postage	—	60.00
Rent	—	2,400.00
Repairs & maintenance	125.00	182.32
Salaries	3,250.00	10,703.46
Stationery & supplies	142.40	908.71
Taxes	151.00	200.00
Telephone	85.85	120.00
Total	\$5,668.29	\$23,686.04

Statistics

Number of accounts	1,632	14,275
Average balance	\$663.79	\$544.31
Number of deposits & withdrawals	8,612	89,487
Activity per account per year	5.2	6.3
Activity per \$1,000 per year	7.9	11.5

Since the profit earned on savings by the vast majority is well over one-half of 1 percent, it can conclusively be determined that it is a profitable business.



Another fallacy is the one which argues that time deposits in commercial banks are, in effect, demand deposits and should be invested as demand deposits. These two fallacies have dampened the enthusiasm of most commercial bankers and have led some to refuse savings.

A complete cost analysis should reveal that in most banks there are costs involved in handling demand deposits which more than offset the amount of interest paid on savings. Superficial examination of a bank with about half of its deposits demand and half time will reveal that from three to five times the personnel, office space, and all the other expenses that go along, are required to service the demand depositors as compared to savings depositors' requirements, although the volume of deposits in each case is the same. While the management of the commercial department requires most of the time of the officers of the bank, comparatively little time is required in the management of a savings department.

Savings deposits are more stable than demand deposits which fluctuate sharply. Although there are some exceptions, savings deposits are less active and liquidity reserves need not be so large.

Based on studies conducted since 1941, the Savings Division has developed a cost accounting procedure to determine the profit or loss in handling savings deposits in commercial banks. The three factors are:

- (1) The interest income derived from the use of deposits.
- (2) The interest paid on these deposits.
- (3) The expenses or cost of services rendered to depositors in return for their account.

In determining the interest income, the procedure provides that, if a bank invests savings funds as though they were demand deposits, then these funds are credited with only the average earnings of the bank. If, however, the bank invests in longer maturities and in mortgage loans because of its time deposits, then this procedure provides that the interest income be allocated to savings funds by means of a formula which would give the same results as though savings deposits were segregated and invested separately. After deducting the amount of interest paid on these funds and the expenses of the savings department we determine the profitability of the savings operation.

The third savings cost analysis just completed by the Savings Division reveals considerable variation. The ratio of interest income to deposits ranges from 1.23 percent to 3.22 percent. The ratio of interest paid to deposits ranges

(CONTINUED ON PAGE 84)



CHARLES PHELPS CUSHING

The Quest for U. S. Dollars Continues

HERBERT BRATTER

WASHINGTON

GIFTS and loans from Washington continue to mould the world business picture and reportedly businessmen by the thousand are writing to Washington to find out how they can get some of those Marshall Plan dollars. Across the street from the Chamber of Commerce Paul G. Hoffman is gradually building an organization, which, like the still unfinished structure in which it is housed, gives the impression of creaking newness. In 10 days the printed ECA telephone directory has about doubled in size—yet it is still surprisingly small.

Key Men at ECA

Some of the key men who are taking posts with the ECA or in connection with its work are known to *BANKING*'s readers. Former Secretary of Commerce Averell Harriman is, of course, the "roving ambassador." Wayne Chatfield Taylor, successively Assistant Secretary of the Treasury, Under-Secretary of Commerce and President of the Export-Import Bank, is now one of Hoffman's right-hand men. Both Harriman and Taylor are soft spoken to the point of shyness.

Mr. Hoffman's deputy at home is 69-years-old Howard Bruce, prominent Maryland Democrat banker and businessman. At the time of his nomination Mr. Bruce was chairman of the Baltimore National Bank. Also well known in banking circles is Charles S. Dewey, former Illinois Congressman and onetime member of the Banking and Currency Committee, who heads the technical staff of the joint Congressional ECA watchdog committee. Latterly Mr. Dewey, Washington vice-president of the Chase National Bank of New York, has worked closely with Winthrop Aldrich in international trade matters.

What you think of the Marshall Plan depends upon your viewpoint. Yugoslavia's Vice-Premier, for instance, tells the world that it is clearly a scheme to smother Western Europe

in American goods, stifle industry and create unemployment. In the same speech, in the capital of that Adriatic paradise, Mr. Kardelj warns those of his fellow-countrymen grumbling over the recent nationalization of 3,000 private enterprises. Spain's Generalissimo Franco calls his country's exclusion from the Marshall Plan "rank stupidity and a monstrous act in a moral sense." *The Economist*, however, terms ECA an unsordid act of "inspired and generous diplomacy."

Britain is not only the chief direct beneficiary of the Marshall Plan, but also stands to gain very substantially from the transfusion of financial strength into its customers on the Continent. If the plan really restores a strong Europe, it will benefit everyone. All depends on whether Europe and China use ECA simply as a relief organization, or by cooperation and self-effort climb out of the economic slough in which they have been mired. *The Economist* is not exactly reassuring on this point. European cooperation is good as far as it goes "but how far does it go?" the publication asks. "Compared with the high hopes that have been raised in Europe and America, it is still not proven that any progress has been made at all. . . . The principle of unimpaired national sovereignty has emerged . . . unscathed. It ought to be quite clear that not even the first step towards western union has been taken. Without some willingness to submit, in some defined questions, to the decision of a central authority, western union is merely a phrase of deception."

Even the *Washington Post*, ardent fighter for ERP, finds the Paris convention setting up a permanent European aid organization a "pallid document" of "irritating vagueness."

Among the things that make one wonder about this program are the news stories since Congressional action on ECA, the tenor of which is that the data compiled at the Paris Conference of the 16 countries last Summer and presumably analyzed with microscopic care by the Harriman Committee before the Congressional hearings were not so carefully done



HARRIS & EWING

BANKERS CONNECTED WITH THE EUROPEAN RECOVERY PROGRAM

Left, Charles S. Dewey, who has gained wide acquaintance with international matters as a vice-president of Chase National Bank, New York, where he worked closely with Chase Chairman Winthrop Aldrich. He is a former Congressman with the new job of heading the technical staff of the joint congressional "watchdog committee" over ECA activities. *Right*, Howard Bruce, businessman and banker from Maryland, is deputy administrator of ECA, with headquarters in Washington. Mr. Bruce was formerly chairman and president of the Baltimore National Bank



HARRIS & EWING

after all. Earlier reports that the figures were chiefly a sum total of wishes, generously padded, tend to be confirmed by some recent reports. To cite just one such, the UN Economic Commission for Europe states that the ECA schedules for the last three years of the program include items which "were only imported in very moderate quantities before the war and the need for which will clearly disappear with the full restoration of European production."

Then there was Mr. Hoffman's statement, when he had barely assumed office, to the effect that the ECA program might not be enough. Some think the ECA Administrator spoke too soon. Others foresee endless demand for American aid to other countries. While past American world aid has differed in character and degree at different times, in one form or another the process has been virtually continuous since World War I, and there is nothing in sight that will change it. Uneasy lies the head that sleeps on a bag of dollars.

Bogotá Post Mortems

On a fine spring morning I happened by the Senate Banking and Currency Committee room. A hearing was in progress and exactly two Senators were listening to William McChesney Martin argue for a \$500 million expansion of the Export-Import Bank for the benefit of Latin America. The document Mr. Martin was reading contained his remarks before the Bogotá conference. On that earlier occasion the unveiling of the Administration's \$500 million prize package stirred not a single Latin American handclap. Here at least Mr. Martin received the oral applause of Senator Tobey, who as chairman of the committee had made it a point to be present. But the proceedings were dull. It was only half a billion dollars. At the press table one of the girl reporters was opening her morning mail, mostly bills.

(CONTINUED ON PAGE 134)

WORLD BUSINESS ON BOTH SIDES OF THE IRON CURTAIN

Left, a fair in Poznan, Poland, where, at least in this picture, the principal product seems to be large photographs of a certain influential neighbor. However, some automobiles and other manufactures were also shown. *Right*, at a fair in Milan a wide variety of items was exhibited. Here is a scooter selling for \$266



PRESS ASSOCIATION



WIDE WORLD



The Pentagon Building

Over the Hump

LAWRENCE STAFFORD

SOME time during the late spring the business of banking reached, as it were, an important turning point. For a decade and a half, banking has had a tough uphill fight with those who did not understand the job the world gives the banker to do. Now this period seems to be ending, and a new terrain is approaching.

Perhaps one of the most recent signs of this was the broad proposal of the House Appropriations Committee for stricter control by Congress and demand for the clear revelation of the hidden subsidy features of the operations of some 86 government corporations. Many of these are directly or indirectly in the banking business, and have nearly \$30 billion of borrowing power. Of this only about \$12 billion currently is in use.

Congress Studies Revolving Funds

Recommendations of the Appropriations Committee were sweeping. It was suggested that all funds supplied to a government corporation, with but few exceptions, should come from the Treasury, in appropriations made in advance by Congress. This would eliminate the free use of vast revolving funds.

The committee also proposed specifically that all government corporation monies in excess of reasonable current funds should be returned to the Treasury without delay. With the exception of insurance-type activities, government corporations should not be allowed to retain reserve funds. Such corporations, the committee further proposed, should be required to go to Congress in advance for appropriations to cover loss or subsidy operations. Programs which reflect unrevealed subsidies "should be clearly reflected in the accounts of the corporations and in their financial and other reports to Congress."

Finally, the committee proposed:

"Corporations should be required to pay interest periodically on the entire investment of the government therein, represented by net funds advanced by the Treasury. . . . Such interest should be at rates calculated annually in advance by the Treasury as required to reimburse it for costs. . . ."

Signs of Changing Times

These recommendations were not put by the committee into actual legislation this year. There scarcely was time to thresh them out. Nevertheless, they represented another milestone in the Congressional goal of ferretting out the use of subsidized government money, either without cost or with only nominal cost to the lending agencies, to make loans which in a broad way are competitive with the private banking system. Perhaps next year the Government will consist more widely of members more disposed to enact some of these recommendations or to give the stamp of approval to them if Congress enacts them. This is one of the signs of the changing times.

Congress actually went or will go, before it finishes, a small way toward adopting some of the Appropriations Committee principles in one or two specific cases.

The RFC, for instance, is having its lendable funds cut somewhat below the \$2 billion Congress allowed last year. The Senate Banking Committee proposed, even though the House Banking Committee did not agree, that each class of the Reconstruction Finance Corporation's business should be made, as it were, self-supporting. Likewise the Senate committee's proposal to eliminate all but \$50 million of RFC's surplus, even though again the House did not agree, was a reflection of the same thinking in Congress which

brought about these broad recommendations of the Appropriations Committee.

What Congress is doing with the RFC is to continue that agency in existence against the day when, either in war or in a threatened depression, it can reactivate it. The agency, however, was left with ample lendable funds to carry on its principal current activity of providing term credit for small business, either directly or in participation with commercial banks.

Banks for Cooperatives

In relation to the Banks for Cooperatives, the start was made on the idea that these agencies should repay their government capital and substitute equity money invested by borrowing farmers' cooperative associations. The bill proposed by the House Agriculture Committee provided, however, only a beginning. It provided that borrowers would subscribe stock in the Banks for Cooperatives, for the purpose of retiring government stock, in amounts equivalent to a minimum of 10 percent and a maximum of 25 percent of the interest they pay on their borrowings. The bill also would permit, but not require, borrowing farmer cooperatives to subscribe to another class of stock, also for the replacing of government capital, in various amounts, but the latter "free will offering" type of investment would return no dividends for an indefinite period, hence would not be attractive, and probably would not be feasible. Even authors of the bill believe that government capital would not be retired for 30 years under this bill.

It was found all but impossible to go as far in an election year as the idea expressed by the Appropriations Committee or by the Comptroller General, Lindsay Warren. The Comptroller General recommended to Congress that it consider ending the indirect subsidies of the Farm Credit Administration agencies, such as the Banks for Cooperatives. "The major indirect subsidies to corporations supervised by the Farm Credit Administration arise from the use of funds provided by the Government as permanent or temporary capital," it was explained. A similar viewpoint was presented to the House Agriculture Committee when it first considered the Bank for Cooperatives bill by Charles T. O'Neill, chairman of the Agricultural Commission of the American Bankers Association and a member of the A. B. A. Subcommittee on Agricultural Credit.

Removal of government subsidies from the cooperative lending agencies of the Farm Credit Administration and the achievement of farmer ownership and control of these agencies was subsequently urged at hearings on S. 2543 before the Senate Committee on Agriculture by Mr. O'Neill.

The Senate bill, happily, appears to agree with Mr. O'Neill's testimony before the House Committee, in that the proposal to give the Banks for Cooperatives authority to borrow up to \$1 billion from the Treasury, in case of emergency, is omitted.

Return of Free Government Capital

Also in line with previous testimony by Mr. O'Neill, the Senate bill contains a provision requiring the repayment of \$28.5 million in free government capital within the first five years following its enactment. He pointed out that a smaller capital structure would make it possible for the Banks for Cooperatives to become wholly farmer-owned within a much shorter time.

Mr. O'Neill urged that government subsidy in the form of free capital should be removed as promptly as is feasible;

that all cooperative agencies of the FCA should be required to pay the Treasury for the use of government capital retained pending its retirement, at a rate equal to its cost to the Government; and abolition of the present revolving fund.

While the Appropriations Committee of the House, unlike other committees of that body, recommended the end of hidden subsidized lending, that committee inferentially drew the distinction between government-capitalized corporations and those without or nearly without government capital. This year the committee made no attempt to include the Federal Deposit Insurance Corporation within the Budget Bureau's jurisdiction as it did in 1947. Last year the Appropriations Committee proposed to put all the FDIC activities under the scrutiny of the budget. This would have required the deposit insurance agency to have furnished estimates of possible bank reorganizations to the Administration and they might have been made public.

Banks Repaying FDIC Capital

This danger to the independence of the FDIC was avoided because Congress recognized that the nation's banks are repaying the initial government capital which launched FDIC. Of the original federal capitalization of \$289 million, a total of \$216 million was paid back as early as April 1 of this year. The balance probably will be liquidated by 1949.

Potential by-products of broad interest to commercial banks are in store as a direct result of the rapid disappearance of government capital from the FDIC. When all the government investment has been retired, then the FDIC will entertain sympathetically a study of two big subjects: The lowering of the assessment rate for deposit insurance, and the broadening of coverage of deposits beyond the present \$5,000 limit per account. Thus it is possible that these potential changes may become subjects of legislation next year.

This Spring saw the virtual collapse of the drive to subject the nation's commercial banks to certain elaborate controls as a means of arresting inflation. This drive sprang from the Federal Reserve Board, the Council of Economic Advisers to the President, and to some extent from the White House itself. Its collapse, perhaps more sharply than anything else,

(CONTINUED ON PAGE 136)

W. Averill Harriman, left, former Secretary of Commerce, with his successor, Charles Sawyer. Mr. Harriman has become an ambassador-at-large in connection with the ERP



HARRIS & EWING



Author Funkhouser, a staunch supporter of all worthwhile farm youth activities, is shown with FFA Chapter President Bud Deerkop, Vo-Ag Instructor Willard Kaiser, Dale Kienbaum, FFA Chapter Secretary Neil Johnson, and purebred steers

The Country Banker

A Five-Point Soil Conservation Program

CHARLES E. FUNKHOUSER

MR. FUNKHOUSER, who is manager of the Palouse Branch of the Old National Bank of Spokane, Washington, tells in this article how the tide of soil erosion was stemmed in the famous palouse region of eastern Washington and Idaho.

OUR Palouse bank serves about 40,000 acres of some of the finest farming land in the country. We're at the hub of the famed palouse wheat and dry pea region of eastern Washington and Idaho. The rich soil in this section is only 80 or fewer crops removed from virgin sod. Our farming history isn't marred by a single crop failure.

As a banker in this region for the past 40 years, I have always tried to anticipate what was ahead in the next 10, 20, or 50 years. And it wasn't long ago that I began to get worried. Some of our farmers were worried too. Although we hadn't had a crop failure, wheat yields were slipping pretty badly. As a banker, I didn't like the looks of it. We wanted to continue serving these 40,000 acres for the next 100 years and longer.

Our soil here in the palouse region was originally covered with grass. "Palouse" is a word the Indians used to describe this lush prairie country. It was their word for green pastures. When the first farmers turned the sod and planted wheat they found a deep, chocolate-colored loam. It was the kind of soil all farmers dream about but seldom find. I'm sure they didn't pay much attention to the fact that most of this land was sloping.

It was the slopes that almost caused our undoing. Originally, they were covered by a deep layer of magnificent soil.

But a few years ago I noticed—and a lot of others did too—that this soil was getting thin. Clay began cropping out on some of the knobs and ridge tops.

It didn't take much investigation to find out what was wrong—soil erosion. But it was the kind of soil erosion that scares a man. It didn't carve out big gullies. Nor did it strip a field of its soil all at one time. It worked quietly over a period of years gradually stripping away layer after layer, and most of us didn't realize what was going on until it was almost too late.

Wheat yields were down to about 25 bushels per acre in our section. Our farmers weren't getting the kind of pea yields they were used to. And naturally the banking business wasn't what I knew in years past. It looked to me like there wouldn't be any banking business at all before long at the rate our soil was getting away. Nor would there be much reason for our merchants to stay in business if those 40,000 acres were eroded to death. So we decided to do something about it.

Our town is a farmers' town. Some of us on Main Street got together with farmers in our area and started talking the situation over. A soil conservation experiment station had been established in 1930 at nearby Pullman, Washington, home of Washington State College. The scientists there furnished facts our farmers needed to get interested in soil conservation and do something about it.

We began holding soil conservation tours and rally days. We brought in experts to show us right out on the land what

(CONTINUED ON PAGE 97)

Tomorrow's Livestock in Good Hands

O. A. FITZGERALD

In this article the author tells how banker cooperation with Future Farmers of America and 4-H Club members has brought about enlarged and improved cattle herds in the Inland Empire. Mr. FITZGERALD is university editor at the University of Idaho, Moscow.

FRED HAZELBAKER, former 4-H Club boy of Grangeville, Idaho, didn't own a single animal. Yet he was one of the most interested "students" at the University of Idaho's beef breeder-herdsman short course in January.

Ever since he was in club work a dozen years ago, Fred has aspired to a purebred herd of his own. His desire survived two and a half years in the Army and this year he is starting that herd. He is buying two purebred cows. Just to assure them competent care he attended the short course to brush up on his 4-H training in purebred herd management and feeding. His start will be small, his progress will be slow—but you can count on that herd being a permanent addition to the area's livestock.

That kind of spirit has put a solid foundation under livestock production in eastern Washington and northern Idaho, known to the home folks as the Inland Empire. New herds started by young men who got their love for fine stock in 4-H or FFA are becoming a dependable backlog of breeding stock.

Since adult encouragement and cooperation is an essential ingredient in the evolution of any herd from a youth project, you will find friendly country bankers in the background in many of these new herd developments. Take the case of the Hinderer brothers, Blaine and Kenneth, who have topnotch Aberdeen-Angus and Poland China herds on the family farm south of Pullman, Washington. Both herds have grown out of FFA activities.

Kenneth and Blaine Hinderer, whose top quality Aberdeen-Angus and Poland China herds trace back to their FFA projects, recall the help of a friendly country banker while discussing their livestock plans for 1948

The turning point in the development of the Hinderer enterprise came in 1943, when Blaine, then a 16-year-old junior in high school, stood before the desk of C. F. Anderson, cashier of the First National Bank of Pullman, and asked for a loan of \$1,000 to buy 20 feeder calves.

Having spent his boyhood days on a stump ranch in western Washington, in the days of eight to twelve cent butterfat and eggs, Anderson was very sympathetic to the serious young lad with the big ideas. But after all a request for \$1,000 from a high school junior was a bit out of the ordinary, even though his father was an old and reliable patron of the bank.

"He got the money," Mr. Anderson chuckles, "but not through charity or sentiment."

Blaine's FFA record went under the microscope. Mr. Anderson and F. C. Forrest, the bank president, found that the boy's first FFA project, feeder pigs, was financed with nickles and dimes he had saved since his childhood. Money from one year's project financed a bigger one the following year. Now Blaine was ambitious to take the big leap.

What really sold the bankers was Blaine's plans. Instead of merely asking for \$1,000 to buy 20 feeder steers, he had down on paper a sound plan of operation covering everything: proposed source of steers, his feeding, management, and marketing methods.

From the \$1,000 loan Blaine made a profit of \$300. With that money he bought a purebred Aberdeen Angus cow. In 1945 he and his brother Kenneth decided to go all-out in Angus breeding. Back to the Pullman bankers they went with a plan to purchase 14 purebred cows and start a herd. This time they got \$7,000.

Today the Hinderer boys have a herd of 25 purebred
(CONTINUED ON PAGE 96)

H. H. Hanson, manager, Potlatch, branch of the Idaho First National Bank, tells 4-H'er Gordon Hansen, winner of the bank's 1947 scholarship calf, to pick out the bull calf he wants and the bank will help finance it



Number of Banker Agricultural Schools Increasing

VAN B. HART

The author is professor of farm management at the New York State College of Agriculture at Cornell University. He is also a member of the Advisory Council of the Agricultural Commission of the American Bankers Association.

SAMUEL JOHNSON said "Knowledge is of two kinds: We know a subject ourselves or we know where to find information upon it." The author believes that if Sam Johnson were alive today and running a country bank, he would do a good job of handling farm loans.

Some banks with enough potential farm business in their trade areas to warrant it, have taken on former county agricultural agents or agricultural high school teachers to handle their farm loans. But, in the majority of our county banks, farm loans have to be handled by a bank officer who has other important responsibilities. This officer usually has not had, and never will have, enough time to acquire that first kind of knowledge to which Samuel Johnson referred — the knowing-all-the-information-himself kind. But he can get and make valuable use of the other kind — the knowledge of the high points and where the detailed information is available.

Most of the important information about farming is available in printed form somewhere. The problem of the average country banker, however, is what to read and how to find time to read it.

Experience indicates that the best way for a person, with a limited amount of time, to get a sound general knowledge about present-day farm problems is to have a well qualified person teach it to him. And by a well qualified person is meant one who not only knows his subject but who also knows what to teach persons with a limited amount of time available and how to put it across.

During the last four or five years, the agricultural committees of several state bankers associations have asked the cooperation of their state colleges of agriculture in organiz-

Iowa and R. I.-Conn. Curricula

The curriculum of the third annual Agricultural Credit School in Ames, co-sponsored by the Iowa State College and the Iowa Bankers Association, will include study of agricultural credit principles, farm management principles, administration of agricultural credit, and general agriculture. Farmer-banker relations, price outlook and agricultural legislation will be discussed at evening sessions.

At the Connecticut-Rhode Island Farm Credit School in Storrs, instruction will cover: The outlook for agriculture, review of farm outlook in southern New England, state and federal agricultural agencies, farm record keeping, appraisals, farm facts for bankers, farm loan case examples, and a farm panel on how to run a bank. Also on the schedule is an agricultural inspection tour and a banquet on the first evening, at which a nationally prominent speaker will be presented.

CALENDAR

Agricultural Schools and Clinics

- | | |
|------------|--|
| June 7-11 | Florida Bankers Association, Bankers Agricultural School at University of Florida, Gainesville |
| June 8-10 | Kansas Bankers Association, Bank Management Clinic at University of Kansas, Lawrence |
| June 14-25 | Iowa Bankers Association, Agricultural Credit School at Iowa State College, Ames |
| June 16-17 | Connecticut and Rhode Island bankers associations, Farm Credit School at University of Connecticut, Storrs |
| July 8-10 | Nebraska Bankers Association, Bankers Clinic at Doane College, Crete |
| Aug. 16-20 | New York State Bankers Association, Bankers School of Agriculture at Cornell University, Ithaca |
| Aug. 25 | Arkansas Bankers Association, Agricultural Seminar at University of Arkansas, Fayetteville |
| Oct. 16-17 | Pennsylvania Bankers Association, School of Agriculture at Pennsylvania State College, State College |

ing special agricultural schools for bankers. These schools, which are held in the Spring and Summer and are from one to three weeks in duration, are carefully planned and organized by joint committees representing the bankers associations and colleges. They are staffed with top-flight teachers; poor ones may get by with undergraduates but not with a class of bankers. Both required and elective courses are included in the curricula of the schools, but bankers register in advance for a specific group of courses such as farm crops, and farm management, and either dairy or poultry.

Each year the number of states that provide schools where bankers can study farm management and agricultural credit increases. This year several state bankers associations which have not previously sponsored these schools are considering doing so.

The reactions of country bankers who have attended these agricultural schools indicate that they are a good answer to how a country banker can learn the most, for the time invested, about what he needs to know concerning present-day farming.

The author has assisted in organizing and supervising the Bankers School of Agriculture at Cornell University, Ithaca, which is sponsored by the New York State Bankers Association in cooperation with the New York State College of Agriculture. It was established in 1946 on a permanent basis with annual "freshman" and "sophomore" curricula. This year's session will be held from August 16-20 and tuition will approximate \$75 for each student.

The school's stated purpose is "to make available to bankers up-to-date information about agriculture and farm management which will equip them to render improved service to their farm customers." This year the freshmen will have classes in farm management, agronomy, poultry husbandry, vegetable growing and dairy husbandry. Sopho-

(CONTINUED ON PAGE 97)



... a hole in your pocket?

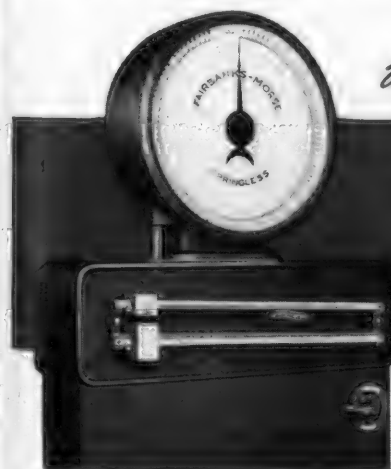
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News for Country Bankers

Merchandising . . . Bank Operations . . . Legislation . . . Research . . . Better Farming

This selection of news was compiled by MARY B. LEACH of BANKING's editorial staff.

Forestry Resources Study

AN IMPORTANT body of facts pertaining to the forestry resources of the United States was brought out at a meeting of the Soil Conservation Committee of the Agricultural Commission of the American Bankers Association in St. Louis. W. W. Campbell, committee chairman, who is president of the National Bank of Eastern Arkansas, Forrest City, presided.

At the conclusion of these discussions, the committee recommended to the commission that it become active in the promotion of a forestry program along educational lines. In discussing the various aspects of forestry, particularly its relation to soil conservation and its importance in the agricultural economy, the following points were emphasized:

(1) Approximately one-third of the total land area of the country is forest land; 461 million acres are suitable for timber crops; 345 million acres are privately owned.

(2) About 75 percent of the privately-owned timber land is in small holdings of 5,000 acres or less. Approximately 86 percent of these owners have less than 100 acres.

(3) These small forest holdings are important economic resources for which there is an increasing demand.

(4) In addition to income-producing

value, forests are an important part of water control and erosion prevention projects.

(5) The biggest problem in the maintenance of farm woodlots and small forest tracts is fire control. Other problems: disease and insect control; better cutting practices and utilization; and education of owners and operators of small wood-using industries.

(6) Because all farm woodlands and other small timber tracts have been regarded as more or less waste land, there is a general lack of economic information concerning forest lands and farm woodlots and their income-producing possibilities.

(7) So-called non-farm timber tracts are not eligible for credit under present banking laws; therefore, credit possibilities should be explored and studied.

The Soil Conservation Committee urged commission cooperation with the state bankers associations in the solution of forestry problems, pointing out that the Florida and Oregon bankers associations are now giving forestry recognition in their programs. The reasons advanced for A.B.A. support include:

(1) Bankers need to know about the income potential of timber land.

(2) Farm woodlots and other small forest holdings supply raw materials to small community enterprises and determine their economic well-being.

(3) Tremendous opportunities exist for profitable off-season self-employment on woodlands.

(4) Under present banking laws,



Nearly 600 correspondent bankers and farm service organization representatives heard Louis Bromfield, noted author-farmer, Earl L. Butz, head, department of agricultural economics, Purdue University, and J. Graham Morrison, Lincoln County agricultural agent, speak at three correspondent banker-farm leader conferences in North Carolina, sponsored by Wachovia Bank and Trust Company (see page 137 May BANKING). Above, Wachovia President Robert M. Hanes, Mr. Bromfield, Wachovia Senior Vice-president John F. Watlington and Dr. Butz

non-farm timber tracts, regardless of management and income derived therefrom, are generally classified as "unimproved" lands and are ineligible for credit.

Besides Chairman Campbell, those attending the St. Louis meeting were:

Jesse W. Tapp, vice-president, Bank of America, San Francisco; Gordon C. Hunter, president, Peoples Bank, Roxboro, N. C.; John Graham, field representative, Kentucky Bankers Association, Louisville; A. R. Spillers, chief, Division of Cooperative Forest Management, Forest Service, U. S. Department of Agriculture, Washington; R. H. Westveld, College of Agriculture, Columbia, Mo.; Fred H. Lang, director, Division of Forestry and Parks, Little Rock, Ark.; Darryl Francis and Don Henry, agricultural economists, Federal Reserve Bank, St. Louis; A. G. Brown and E. T. Savidge, Agricultural Commission, American Bankers Association, New York.

Advertising Slants

In featuring its 141 years of service to "the greatest broiler section in the world," the Farmers Bank of the State of Delaware, with offices in Dover, Georgetown and Wilmington, uses ad-



"Trusty," a prize winning "R. I." Red, symbolizes the Industrial Trust Company's new early morning Farm and Home radio show over station WHIM in Providence. Left to right, Andy Judge and Bob Ensign of Industrial's farm department; John Gayton, producer of the show; and Robert Cooke, farm loan department head

vertisements illustrated with photographs having particular appeal to the group the bank wishes to reach at a given time.

Recent examples of this were two ads slanted at the broiler farmer. One was illustrated with a baby chick and an egg, with which was used this banner head: "The Chicken of Tomorrow Comes From The Delaware Egg of Today." A second ad showed a photograph of a sturdy farm woman with her finger under the chin of a "pedigreed" hen, with which appeared this banner head: "Listen, Bidly! The hen that lays is the one that pays."

"We spend every minute of the day to push our farmers' program forward, especially with the youngsters," writes Vice-president Gordon Willis. The bank provides and finances pure blooded cattle, steers and poultry projects for FFA and 4-H Club members and features the results in its advertisements.

Calloway Plan Success Told by Film

Better Farms for a Greater Georgia is the title of a three-reel sound color film produced for the University of Georgia and financed by the Trust Company of Georgia and its affiliated banks. Pictorially and audibly the film demonstrates that when scientific methods are used in rehabilitating farms the farmers "tap a new treasury which means new collateral for the right kind of a farm loan."

The film first portrays gracious living in Georgia. Then it takes up the central theme, i.e., the impoverishment of 46 percent of the state's farm land and more than half of her farmers, and how the Calloway Plan helped overcome this condition.

After showing examples of impoverished farms and farmers, the film tells how Cason Calloway, Georgia textile man and bank director, experimented with 30,000 acres of the poorest farm land in the state (see "Making Good Land from Bad" in July 1946 *BANKING*) and how, after proving that broken-down farm land can be revitalized, Mr. Calloway enlisted the cooperation of bankers, businessmen and industrialists.

The film tells of steps taken by 700 businessmen who joined Mr. Calloway, after each had invested \$1,000 in the project. In groups of seven these men incorporated and bought up 100 dilapidated 100-acre farms in 67 Georgia counties at an average price of about \$3,000. With the remaining \$4,000 the stockholders of the corporations went to work to improve their farms.

Committee on program arrangement for Vermont's "most successful" farm credit conference. Left to right, D. A. Leach, PCA, Burlington; L. A. Zehner, Federal Reserve Bank, Boston; P. L. Ufford, Addison County Trust Company, Middlebury; O. M. Camburn and T. M. Adams, both of College of Agriculture, Burlington



The pattern followed in reclaiming these 100 farms from the ruinous practices that had wrecked them is traced in the film. At its conclusion, while flashing on the screen scenes from the rehabilitated farms, the narrator points out that "this kind of all-out revival of dying land costs money, as anyone knows, but, thanks largely to the lessons taught by the demonstration farms, bankers and other businessmen are learning that the traditional short-term crop loan chains the farmer to a heartless system of tenancy—a system that puts the goal of farm ownership almost out of reach."

"Farming is a business," the narrator states. "Farms can be operated most successfully on a businesslike basis. When they are they will support businesslike loans . . . long-term, low-interest, commercial credit . . . credit that will make it possible for farmers to improve their land . . . improve their earning power . . . and their buying power . . . for the good of the whole community . . ."

The Wapato Branch of The National Bank of Commerce of Seattle put up \$75 this year to pay for prizes, ribbons and a championship cup in connection with the annual FFA livestock show in Wapato. Branch Manager Joseph V. Rouleau is shown making the presentation of the cup to Lynn Parton



Nine out of ten of the farms developed under the Calloway Plan are doing well, proving again that near-miracles are possible. Each farm has its own manager, who will have an opportunity to buy his farm.

The banks affiliated with the Trust Company of Georgia and assisting in the financing of the production of this film are: The National Exchange Bank of Augusta; The Fourth National Bank, Columbus; The First National Bank & Trust Company, Macon; The First National Bank, Rome; and The Liberty National Bank and Trust Company, Savannah.

The film is available for out-of-state showing and may be obtained prior to July 1 from P. H. Layfield, Board of Regents, Atlanta. After July 1 the film may be obtained from the Agricultural Extension Service, Athens, Georgia; Information Division, U. S. Soil Conservation Service, Spartanburg, S. C.; and Information Division, U. S. Forest Service, Atlanta, Georgia.

Pennsylvania's Youth Program

At the behest of the committee on agricultural development of the Pennsylvania Bankers Association, the Agricultural Extension Department of State College has developed in outline form a "Youth Program with Rural Folk" for use by banks wishing to give support to 4-H Club activities.

Among the suggestions made on how bankers can help to enlarge the scope and importance of 4-H work: Give moral support by discussing 4-H with parents and encouraging them to enroll their boys and girls in 4-H clubs; address 4-H Club meetings on good credit, value of banks to the community, use of banking facilities by 4-H Club members, savings accounts, investment of funds, interest rates, etc.; and explain how 4-H members may secure bank credit.

(CONTINUED ON PAGE 98)

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THE INVESTMENT MARKET



Fifth in a series of famous skylines—
a view of Los Angeles, California

CHARLES PHELPS CUSHING

H. EUGENE DICKHUTH

The author is a financial writer on the staff of The New York Herald Tribune.

GOVERNMENT, business, banking and even some labor leaders are agreed that the economic forces which make this country tick are now much better understood by an increasing number of people than at any other time. This is regarded as one of the most encouraging signs of our disturbed era.

It explains in part why there is presently much greater optimism and buoyancy in nearly all segments of the investment markets, despite the threat of war and labor unrest.

Price Trends in Governments

In the market for government securities the trend of prices in the immediate future will depend primarily upon the manner and method in which the Treasury will manage retirement and conversion of more than \$10 billion of securities maturing in June and July. Arguments for and against a $1\frac{1}{4}$ percent Treasury certificate have been proceeding for several weeks.

In this area, too, the discussions proved that the issues involved were understood thoroughly. Proposals for higher certificate rates date back to the time when inflationary pressures were still predominant, while later it became clear that a fair balance had been achieved between expansionary and deflationary forces in the economy.

This is not to say, however, that those advocating anti-inflationary measures are not justified in their attempt to achieve certain objectives. At any rate, the elements which made for credit expansion have diminished.

Illustrative of this development has been a decrease in the inflow of gold to the United States, return of currency to the banks at a far greater pace than last year—in part the result of shipments of dollar bills from overseas, and a marked reduction of new bank loans.

Deficit Financing Fears Dissipating

It might be added that fears of a return to deficit financing, voiced when rearmament became a certainty, have now

been largely dissipated by better prospects for continued high business activity during the rest of the year; hence, higher revenues than original estimates. Taking into consideration renewed armament expenditures, cuts in individual taxes, European recovery costs, but a high national income and reduction by Congress of some unessential government spending, the chances at this time are that the Treasury may be able to conclude the fiscal year 1949 with a surplus of more than \$2 billion. Deficit financing in the next 12 months, except to raise temporary funds, therefore, seems highly unlikely.

All this makes for a very solid foundation in the government securities market and for the growing belief that long term bond pegs will be kept at par, or better, irrespective of whether a Democrat or Republican is Secretary of the Treasury in the second half of the next fiscal year. In the meantime, the entire government securities list, of course, will remain sensitive to changes in interest rates and to unforeseen world events. Traders regard the bank-eligible $2\frac{1}{8}$ s at this time as one of the least vulnerable issues because of their relatively great marketability.

Reasons for Firmer Tendencies

One of the underlying reasons for the substantially firmer tendencies among governments in the first half of May was a general expectation that certificate rates would be raised from $1\frac{1}{8}$ to $1\frac{1}{4}$ percent. Actually the Treasury announced three offerings of one-year $1\frac{1}{8}$ percent Treasury certificates in exchange for June 1, June 15 and July 1 maturities. These certificates aggregate more than \$6 billion.

Somewhat interrelated developments were the strength in high grade corporate and municipal bonds and the substantial advance in stock prices and of lower grade corporates.

The emergence of an optimistic psychology on investments was undoubtedly due to a number of factors, including excellent first quarter earnings, employment figures climbing to new highs, good forecasts for crops here and abroad, which means more food at perhaps lower prices, a series of price reductions by important manufacturers and increased govern-

(CONTINUED ON PAGE 95)

Consumer Credit Digest



CHARLES PHELPS CUSHING

How Our Foreign Policy Touches the Consumer

A. ANTON FRIEDRICH

The author, a regular contributor to BANKING, is professor of economics at New York University and a member of The Graduate School of Banking faculty. He is also co-author of several books on economics, and contributor on economic subjects to the Encyclopedia of Social Sciences.

IN the coming months and years our economy is being asked to support a greatly expanded defense program and to continue large scale aid to European and world reconstruction. The import of these measures of foreign policy upon our economy is certain to be far-reaching. An obvious consequence is a change in the fiscal position of the Government. Instead of an appreciable surplus for debt retirement, the Government, according to present expectations will, at best, be able to balance its accounts. At worst there may even be a slight deficit.

Producers will be variously affected. Some producers who may otherwise have anticipated a contraction of their output will now look forward to an expansion. Other producers who are now utilizing all their productive facilities will shift part of their production from civilian to government account. Still other producers in the period ahead will be confronted with bottlenecks and shortages of critical materials and supplies and may find it necessary to curtail their production schedules.

As the production for the defense and European aid programs unfolds, consumers will begin to feel the impact of foreign policy. Today our resources, our factories, our transportation facilities, our manpower are fully employed. Hence, any increase of the government demand for defense materials will increase the competition for our scarce resources, particularly for those metals and critical materials which are even now in extremely short supply. As we shall note later, it is the consumer durables which will be most affected. Consumers will find in the period ahead that the supply of

some goods now readily available will tend again to become somewhat restricted, and other goods now still in short supply will be even more difficult to get.

How Soon?

How soon will these effects be felt by consumers? Certainly not immediately, not in the next three or six months. In case of both the defense spending and ERP, the demand for the materials and supplies which will be most competitive with consumer users is not likely to be appreciable until the end of the current year and in 1949. It takes time to spend the billions of increased governmental appropriations.

The magnitude of the expanded program of defense and foreign aid is not finally determined. But the ERP allocations are in themselves sizable amounts. Included in the allocations are \$329.4 million for miscellaneous machinery, \$95.7 million for finished, crude and semi-finished steel, \$48 million for trucks and \$53 million for freight cars. Substantial quantities of scarce metals will be sent abroad, such as \$85.6 million of copper, \$53.5 million of lead, \$37.4 million of zinc.

The ERP is, however, but a part of the grand total involved. There are the additional millions of RFC loans and World Bank loans. More important in adding to the total is the proposed defense spending. Unless public opinion and Congressional attitudes, as indicated by the tenor of their debates, change, the final defense program will run into large sums. According to one estimate, defense expenditures will amount to approximately \$11 billion in 1948, \$14 billion in 1949 and finally, \$22 billion in 1953.

Goods in Two Categories

The goods involved in the fulfillment of the foreign policy programs can, from the point of view of the consumer, be broken down into two broad categories. One classification would include bread and coarse grains, fats and oils, dairy

products, tobacco, cotton. The other classification would include steel, copper, lead, zinc, machinery of all kinds, transportation facilities, petroleum products.

In the case of foods and fibers the impact upon consumers is not likely to be felt very strongly. Foods and fibers have been coming in easier supply and the prospects are even more favorable in the period ahead. European food production is expected to be much higher this year than last. Moreover, shipment of American supplies abroad under the relief program will probably be somewhat less than during the past several years. Thus, so far as foods are concerned, consumers need not expect any appreciable change in prices traceable to shipments abroad.

ERP Shipments

With respect to the second classification, however, the story is likely to be a different one. Shipments under the ERP will be more heavily concentrated in metals and capital equipment. The defense program will be also concentrated in the same class of goods. Stockpiling will involve the metals which are scarcest, such as lead, copper and tin. The proposed expansion of maritime shipbuilding, the additional material required to equip the larger armed forces which are contemplated, together with the demand for machinery and tools to manufacture the new armaments, will put increasing pressure upon steel supplies. The expanded air force will need aluminum for its planes, to say nothing of airplane engines, electric motors and other equipment.

If current anticipations do materialize—and it is likely that they will—then in due course the metals and other supplies which go into kitchen utensils, electrical appliances and automobiles are going to be more difficult for consumers to acquire. In other words, it is in the field of durable goods that consumers will be most affected.

But the impact of foreign policy on the consumer and his interests will not, I should like to emphasize, be felt immediately. It is rather a long run possibility depending upon the final determination of the magnitude of the defense program and the speed with which the armed forces act in executing it. And then, too, all consumer durables will not be equally affected. In some lines durable goods are now in easy supply. Their unit sales, for some months, have been sagging and inventories have accumulated. In these cases, even if there is some curtailment of production later in the year and in 1949, the supplies will be relatively free.

Effect of ERP on Jobs

ERP and defense spending will have its consequences also with respect to employment, income payments, money in circulation. In other words, its effects will tend to be inflationary. The recent deflationary tendencies which were becoming stronger in some sectors of the economy will be arrested. And these effects may be felt before the shipments abroad and the stockpiling of commodities now in short supply will reach sizable amounts. Producers who were inclined to more cautious policies of expansion may revise their plans in a more optimistic direction. Thus the bidding for resources to satisfy the domestic demand may precede the execution of the defense and relief programs.

The fears which were recently felt in some quarters that a recession or depression was near at hand can, it seems to me, be pigeonholed for future reference. What is more likely is that the present fantastic level of national income, running at a rate of more than \$200 billion, will continue and may run higher. Employment levels, which will reach their all-

time peak this Summer, will continue through the year and beyond. The new economic directions are upward.

How will this affect consumer credit? (1) It will keep high or may even raise the prices of consumer durables. (2) It will maintain a high level of demand for consumer durables, even though prices are high, or higher. (3) The demand for instalment financing of consumer durables will continue at high levels, with the recent rate of increase setting the pattern for the year. (4) Some of the difficulties which were beginning to appear with reference to collections should moderate. (5) Concern about the inflationary possibilities of consumer credit will tend to heighten and the proposals for re-establishment of controls will gain strength.

Time vs. Oracles

Someone has remarked that time has a habit of making fools of all oracles. If the following were to occur, then the total picture might change. (1) European and world production might expand considerably beyond present anticipations, thus reducing the demands upon our production. (2) The Federal Government might offset its increased appropriations for defense by reductions elsewhere. (3) The political relation between the great power states might change from a state of "cold" war to one of peace. (4) American foreign policy might shift to an isolationist policy. At the moment, these seem to be far less likely than that our foreign policy will remain as it is and that Congress will appropriate the necessary funds to implement it in addition to the existing level of government spending.

"Let's wait until tomorrow. If I do all right on the quiz show tonight I won't have to finance it."



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Consumer Credit News

A Compilation of Fact and Opinion on the Consumer's Position Now and in the Immediate Future

Consumers at the Crossroads

THE average consumer has been having a thoroughly rough time making ends meet. After buying food and essentials for the family, there hasn't been much left for durable goods. The pressures on the family budget have pushed many essentials into the luxury category. Shortages and mounting costs have left the consumer in bad straits—but improvement is on the way.

Once again it is becoming a "rare privilege" to be a consumer instead of a producer, says Raymond Rodgers, professor of banking at New York University. The reason, Professor Rodgers explains, is that "the pressure of production on prices is growing so rapidly."

Production of consumer items has risen so fast that it is becoming increasingly difficult to point out any real shortage, with a few notable exceptions. Low-cost housing is still in big demand, but this is rather outside the consumer field. Steel remains on the short list but things made of steel are in many instances at peak production. Passenger automobile production is not yet abreast of demand but premiums for immediate delivery are less in evidence, indicating that the waiting lists are not quite what they once were. Some 3½ million passenger cars were produced last year despite the difficulty of securing materials. (Exports were 7 percent of the total.)

Dun & Bradstreet has completed studies of production totals for last year and has come up with some rather remarkable and highly significant figures. Nearly 3 million electric refrigerators were manufactured in 1947, a gain of more than a million over 1946, and for the fourth quarter of 1947 equal to 1941 production levels. It was noted also that home washing machines in 1947 reached 93 percent above 1941 production. Over 17½ million radio sets were produced last year, with each quarter of the year showing a larger production rate than the corresponding quarter of 1941. Water heaters in 1947 were well above 1941 production. Vacuum cleaners more than doubled 1941 production, reaching an all-time high of 3,800,687 units, an increase of 66 percent above

The Consumer Credit News this month was prepared by TED FISHER of the A.B.A. News Bureau.

the previous year. Deliveries of cooking stoves and ranges are still a bit behind 1941; but the 413,076 monthly average production in the last quarter of 1947 is not far behind the monthly average of 426,888 units produced during 1941.

Home Ownership at Peak

The consumer, then, has a much better chance of procuring many much-wanted items which were practically nonexistent at the close of the war. In fact, production of some lines has risen so rapidly that manufacturers are casting around for new markets. The rapidly accelerating rate of home building is considered by many as a prime market for their wares. The Bureau of Labor Statistics reports that housing units started during the first three months of 1948 total 164,000, which is 16 percent above the first three months of last year. The Bureau estimates that to be at a rate of almost a million units per year (based on known seasonal variations). Home ownership right now

is at the highest point in history. There is some published opinion, however, to the effect that even a million new homes a year may not be able to absorb furniture and appliances at the current enormous rate of production. Many appliance backlogs already have been cleared up and dealers are beginning to offer premiums to attract customers.

Obviously production in most fields is actually approaching demand. The consumer once again has a chance to look around before he buys. He still can't get everything he wants at the price he'd like to pay, but he's finding a way around that, too. He's forsaking the well known brand for the more attractive price, as attested by the fact that basement sales of major department stores have risen alarmingly in some lines.

Bargains Upstairs

In New York City, department store sales rose 8 percent in April over the figure for the same month of 1947. The figure needs a little interpretation, however. All stores did not show the same results, even in like departments. Both increases and declines were very spotty, except that in general both major appliances and radios continued to show declines. The increases noted were on featured merchandise. These specials were promoted by heavy advertising and careful staging in the stores, and were priced attractively through either markdowns or special purchases. The retail division of the American Newspaper Publishers Association recently reported that "Consumers are buying in greater volume than they were earlier in the season, but only when offered attractive values through intensified promotions." A department store executive was quoted as saying "We can pull our customers away from the basement and budget floors only when we give them just as good bargains upstairs."

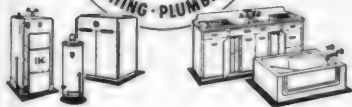
Coy

Price resistance on the part of the consumer is no longer something vague (CONTINUED ON PAGE 64)



THE WAY PRICES HAVE GONE UP, A FAMILY IS LUCKY TO BE ABLE TO LIVE BEYOND ITS INCOME.

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to be worried about at some future time. The consumer is playing coy. He now must be attracted. This shopping by price rather than by brand might well spell some real trouble for brands made famous by years of effort and millions in advertising. Some manufacturers are endeavoring to meet the situation by producing a lower-cost line than their regular merchandise. Others, like General Electric, are striving to lower prices on existing items through increased plant efficiency.

Price slashes on old reliables, cheaper items bearing known brand names, the huge volume of production, the bargain sales forced by swollen inventories—all these sound good to the consumer.

There's a better than even chance that the price cuts on steel will also redound to the benefit of the consumer. U. S. Steel announces that its reduced prices "will be applicable mainly to those carbon and alloy steel products which are most closely related to the cost of living." Products affected include: Nails, fencing and other wire products, steel for roofing farm structures, spring wire for furniture, tin plate for cans, cold rolled strips and sheets for automobiles, home appliances, and many other items. The company announces its price cuts will amount to \$25 million a year. "This action," says Benjamin F. Fairless, U. S. Steel's president, "represents our desire to try to help in bringing about an early stabilization or reduction in the cost of living." A number of the big independents are following the leader and announcing similar reductions.

One Big Cloud

There is one big black cloud in the forecasting of the consumer's position. Will all the gains, both actual and potential, be destroyed by the great cost of ERP and rearmament? It will be some months before the full effect of all this government spending can be felt. Some authorities feel that our program for Europe is more a matter of shifting the incidence of payment than of actually adding to our exports. One vital and as yet unresolved point is whether our rearmament program will force the Government into deficit financing. Many feel that there is a certain balance between the forces of huge peacetime government spending and the downward pull of increased production. A major recession seems improbable but the consumer's chance to buy what he wants and get a little more for his dollar also seems pretty good.

**ANALYSIS AND
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A House for Less Than \$4,000

WHAT this country needs today is a good, livable low-cost house. Here's a report on what one bank in the Southwest is doing to help meet that need in its area.

Last August the National Housing Act was amended to make possible Title I-Class 3 loans under FHA regulations. These loans are FHA-insured on a plan of insurance reserve based on 10 percent of the total eligible loans made by the insured institution. An insurance reserve is established for each lender, from which losses are paid. On a \$3,000 house, for example, a \$300 reserve is set up.

The Valley National Bank of Phoenix, Arizona, decided early last Fall to participate in the new program. It has since made loans to assist in the building of approximately 500 small homes under this classification, and its experience, says Vice-president Ralph E. Bruneau, has been "very satisfactory." A livable, well-constructed small house can be built in the Phoenix area in the \$3,000 bracket, which is the

Some of the low-cost Phoenix houses



maximum loan permitted under the FHA regulations. Between 200 and 250 of these homes have been constructed, in projects; they sell, with the lot, for \$3,500 to \$3,750.

"The demand has been so great that it has been necessary for us to limit ourselves to individual applications," Mr. Bruneau tells BANKING. "Although we have had many applications for projects varying in number from 20 to 500 houses, to keep ourselves within normal limitations and within the allocated funds of \$3,500,000 we set aside for this type of loan, it has been necessary for us to decline project applications."

IN LAUNCHING the program the Valley National sent to its branches detailed instructions covering the fundamental requirements for qualification under the title. It also provided the branches with the bank's minimum construction requirements, which are virtually the same as those established for Title VI loans in the area.

Each home must be designed for single-family occupancy. It must have a minimum of three rooms and contain not less than 360 square feet. The lot is required to have at least 4,000 square feet. Each unit must have sewage disposal facilities and water.

A 2 percent service charge is made on all loans. This includes appraisal, inspection and credit investigation fees. The bank has established a maximum term of 15 years for loans on frame construction homes, and of 20 years on masonry construction. Payments are made monthly and include principal amortization, interest at $4\frac{1}{2}$ percent, one-half of 1 percent of the FHA insurance, one-twelfth of both the annual taxes and the annual fire insurance premium.

"The program fits very well in our real estate mortgage loan division, and seems to fill a definite economic need in the community," says Mr. Bruneau. "If there were a definite outlet for this type of paper we would go more into projects, as we have found from experience than when 50 or 100 or 200 homes are built at one time the original purchaser can get a great deal more for his money than when a single unit is built.

"Owing to the continued growth of practically every community in which we operate throughout Arizona, it has been necessary for us in our mortgage classifications to sell loans to keep up with continued demand, which is always greater than our capacity to serve.

"Our reaction as to the feasibility of the program is of course predicated upon a volume operation, it being on an insurance reserve basis. We have at the present time in excess of \$1,300,000 in this class of loan, put on our books since October 1947.

"We have been agreeably surprised in the class of purchaser and occupant of this type of home. Many of the purchasers and mortgagors are in the \$4,000 to \$6,000 per year classification. They no doubt feel that in view of existing construction costs a small livable unit, properly located and properly restricted, will give a home to the occupant until building costs are on a more level keel and the ultimate home can be built at a more reasonable figure."

BANKING

THE LUSTRON HOME

... the house America has been waiting for

A Progress Report by Carl G. Strandlund, President, Lustron Corporation



Carl G. Strandlund, President, Lustron Corporation

It is my pleasure to announce that America's first truly volume-produced home will soon be exhibited in communities throughout the country. We will be prepared to deliver these homes starting in July.

The Lustron Home is built in a factory, using the latest low-cost, mass-production, unit-assembly and precision methods. It is assembled on the site by a local builder-dealer with local labor.

The production lines are now shaping up in our big plant at Columbus, Ohio, where more than a million square feet of floor space will permit the production of 40,000 homes annually. We have started our Lustron School where all factory supervisors and builder-dealers receive thorough training.

Two things especially I want to make clear:

1. The Lustron Home is not to be confused in any way with prefabricated houses as they have been known in the past. It offers basic advantages, modern conveniences, and permanence not to be found in any other house at any price.

2. While we will help relieve the housing situation, this is not an emergency or "stopgap" project, but is planned on the long-range basis of complete customer pride and satisfaction and as a new contribution to the art of living.

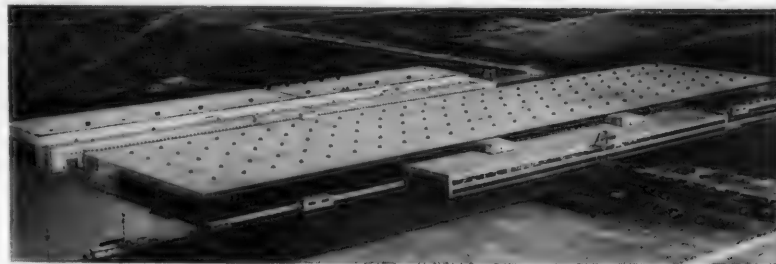
C. G. Strandlund

Carl G. Strandlund, President
Lustron Corporation



Brief Facts about the Lustron Home

Five spacious rooms, plus large utility room—a total of more than 1,000 square feet. All steel construction, inside and out. Non-glossy porcelain enameled steel can be kept clean with a damp cloth. Never needs repainting, redecorating, or reroofing. Fire-proof, decay-proof, rustproof. Radiant panel heating system. Such features as built-in cabinets, "closet walls," and combination dishwasher-clotheswasher are included in the price of the house. The Lustron Home is priced well within the means of anyone who can afford \$50 to \$60 a month for a home of his own.

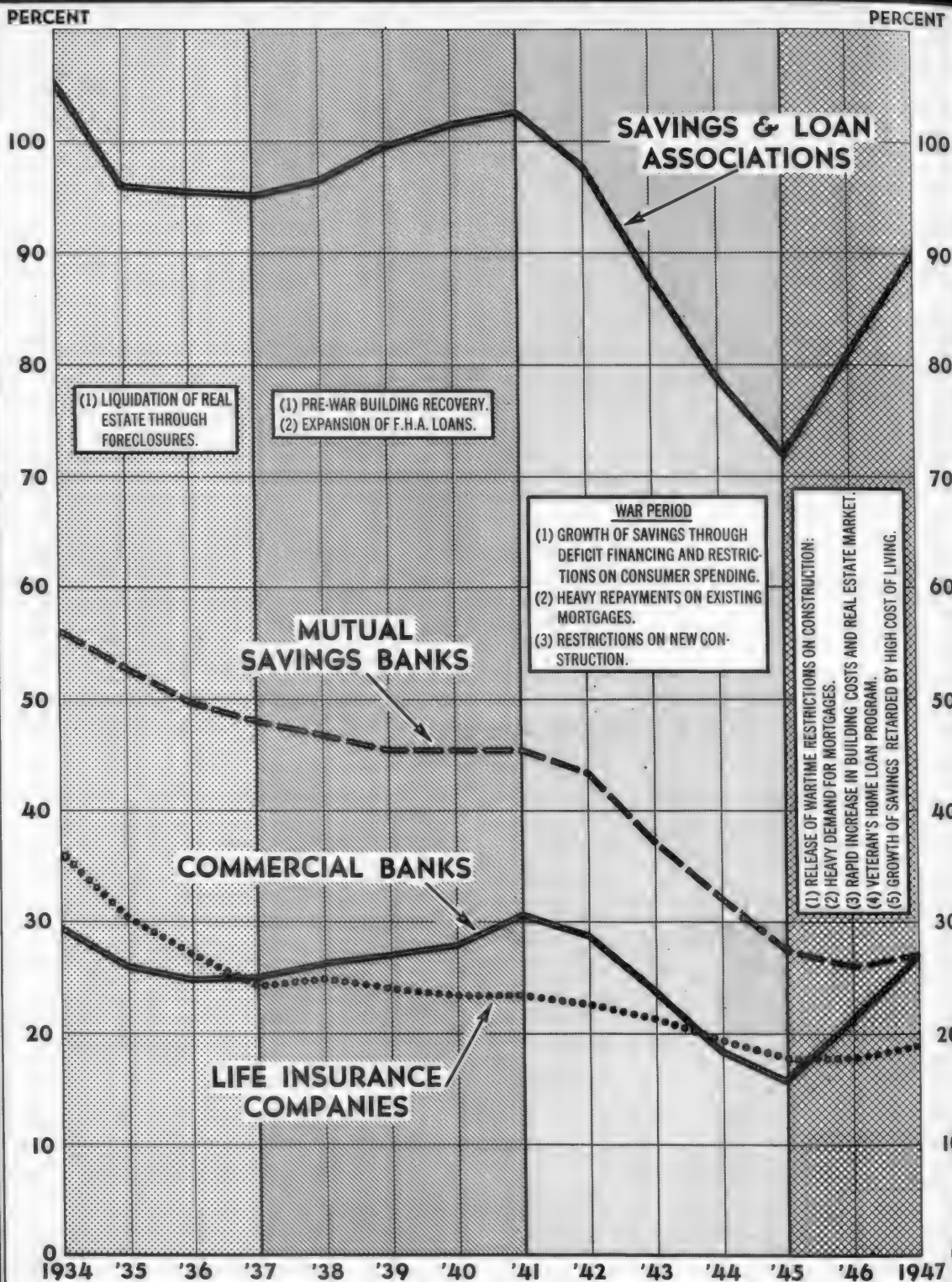


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Giant plant at Columbus, Ohio, where Lustron Homes are made

LUSTRON CORPORATION
4200 E. Fifth Avenue
Columbus 16, Ohio

RATIO OF MORTGAGE LOANS TO SAVINGS FUNDS



Ratio of Mortgage Loans to Savings

The data in the following article are based on studies of the Real Estate Mortgage Committee of the American Bankers Association Savings Division. Chairman of that committee is WILLIAM A. MARCUS, senior vice-president, American Trust Company, San Francisco.

TOTAL real estate mortgages held by the country's institutional lenders reached a new peak of \$31,700 million at the end of 1947, an increase of \$5,594 million over 1946 and \$10,563 million over 1945, reports the Real Estate Mortgage Committee of the American Bankers Association. These institutional lenders include commercial banks, mutual savings banks, life insurance companies, and savings and loan associations.

Commercial Banks

For the second successive year, real estate mortgages of commercial banks rose more sharply than those held by other lenders. They increased \$2,166 million in 1947, as compared with \$2,462 million in 1946, and at the end of 1947 totaled \$9,400 million. The rate of growth of the mortgage loan portfolios of commercial banks was much larger than that of their time deposits, which increased from \$30,135 million at the end of 1945 to \$33,808 million a year later, and \$35,200 million at the end of 1947. Consequently, the ratio of mortgages to time deposits rose from the wartime low of 15.8 percent at the end of 1945 to 21.4 percent a year later, and 26.7 percent at the end of last year. The ratio is now approximately at its prewar level.

Mutual Savings Banks

During 1947 the mutual savings banks added \$359 million of mortgages to their portfolios, as compared with \$233 million in 1946. These two increases brought their total holdings back to \$4,800 million at the end of 1947, approximately the prewar level. The rate of growth of deposits in mutual

savings banks corresponded closely to that of their mortgage investments. Time deposits rose from \$15,385 million at the close of 1945 to \$16,869 million a year later, and \$17,800 million two years later. Therefore, the ratio of mortgages to deposits showed little change, being calculated at 27.4, 26.3, and 27 percent at the end of 1945, 1946 and 1947. These ratios are substantially below the prewar period. The growth of savings deposits during the war period was accompanied by a liquidation of mortgages. Since the war, mortgages have increased, but not commensurately with the deposits accumulated during the war.

Life Insurance Companies

Life insurance companies did somewhat more real estate lending than mutual savings banks during 1947. Their holdings increased \$1,345 million in the year, after having risen \$519 million in 1946, to reverse the downward trend of the war period. Mortgages in the portfolio of insurance companies reached a new high of \$8,500 million at the end of 1947. The savings funds accumulated in the life insurance companies continued to increase during 1947, but at a rate slightly under that of mortgages. At the end of 1947 these funds as measured by policy reserves totaled \$45,000 million, as compared with \$41,702 million at the end of 1946 and \$38,667 million at the end of 1945. Thus, the ratio of mortgages to insurance company savings funds rose from 17.2 to 18.9 percent during 1947, after remaining at 17.2 percent during 1946 and 1945. The ratio for the insurance companies is still substantially below the prewar level, as was shown to be the case for the mutual savings banks.

Savings and Loan Associations

The fourth group of institutions, savings and loan associations, also showed an increase in real estate lending in 1947. Their estimated portfolio of \$9,000 million at the end of the

(CONTINUED ON PAGE 84)

Mortgage Loans Compared with Savings Funds by Classes of Lender

(In Millions of Dollars)

AS OF DECEMBER 31	COMMERCIAL BANKS			MUTUAL SAVINGS BANKS			SAVINGS AND LOAN ASSOCIATIONS			LIFE INSURANCE COMPANIES		
	TIME	MORTGAGE	% LOANS	TIME	MORTGAGE	% LOANS	PRIVATE RE-	MORTGAGE	% LOANS	POLICY	MORTGAGE	% LOANS
	DEPOSITS	LOANS	TO DEPOSITS	DEPOSITS	LOANS	TO DEPOSITS	PURCHASABLE CAPITAL	LOANS	TO CAPITAL	RESERVES	LOANS	TO RESERVES
1934 (a)	\$11,988	\$3,631	30.3%	\$9,691	\$5,529	57.1%	\$4,458	\$4,593	103.0%	\$19,030	\$5,857	30.8%
1935 (a)	12,820	3,436	26.8	9,830	5,240	53.3	4,254	3,947	92.8	20,404	5,340	26.2
1936 (a)	13,706	3,494	25.5	9,971	5,021	50.4	4,131	3,760	91.0	21,800	5,111	23.4
1937 (a)	14,513	3,697	25.5	10,125	4,904	48.4	4,015	3,832	95.4	23,202	5,229	22.5
1938 (a)	14,776	3,883	26.3	10,209	4,831	47.3	4,005	3,908	97.6	24,495	5,444	22.2
1939 (a)	15,097	4,106	27.2	10,433	4,808	46.1	4,060	4,077	100.4	25,827	5,669	21.9
1940 (a)	15,540	4,423	28.5	10,631	4,835	45.5	4,272	4,374	102.4	27,238	5,958	21.9
1941	15,884	4,905	30.9	10,532	4,812	45.7	4,652	4,798	103.1	28,945	6,428	22.2
1942	16,352	4,746	29.0	10,664	4,627	43.4	4,910	4,783	97.4	30,797	6,712	21.8
1943	19,224	4,521	23.5	11,738	4,420	37.7	5,494	4,793	87.2	33,049	6,701	20.3
1944	24,074	4,430	18.4	13,376	4,305	32.2	6,305	4,983	79.0	35,577	6,675	18.8
1945	30,135	4,772	15.8	15,385	4,208	27.4	7,365	5,521	75.0	38,667	6,636	17.2
1946	33,808	7,234	21.4	16,869	4,441	26.3	8,548	7,276	85.1	41,702	7,155	17.2
1947 (e)	35,200	9,400	26.7	17,800	4,800	27.0	9,700	9,000	92.8	45,000	8,500	18.9

(a) Data for banks are as of June 30.

(e) Preliminary estimates.

Sources:

Board of Governors of the Federal Reserve System; Comptroller of the Currency; Federal Savings and Loan Insurance Corporation; Spectator Year Book.

The better you live, the more oil you need...

A report on the most useful year

IN this country and through the world, human progress calls for more and more oil. To do their part in meeting the great need for oil in 1947, Standard Oil Company (New Jersey) and its affiliates performed the biggest job in their history. They produced more oil and delivered more products; took in and paid out more money; employed more workers and served more people than ever before. And far more than ever was spent for facilities to meet growing needs—426 million dollars in a single year, paid for out of past and current earnings of the business. It was a year of great accomplishment; great progress. Here are some highlights from this significant year, based on the Company's Annual Report to its 171,000 stockholders...

1 World-wide, the need for oil surpassed all records. To help meet the need, crude oil production by Jersey Company affiliates was increased 8% over 1946, setting another new record. Their production was 14% of the world's total for the year.

2 In the U. S., too, the need was at record levels. Three million more cars to fuel than pre-war; twice as many tractors and trucks on farms; a million and a half more oil-heated homes; five times as many diesel locomotives. Total U. S. consumption of oil products was 11% greater than 1946, 12% greater even than the peak war year. In meeting this need, we set new output records month after month, accounting for 9% of U. S. total crude oil.

3 The unusually hard winter made heating oil and kerosene supply a special problem. By extraordinary effort in refineries and hard work and long hours by people all along the line, we were able to deliver about 25% more of these products than in the winter before.

4 With such big demand, big supply, and rising prices, money came in—and was paid out—in all-time record figures. Total dollar income reached \$2,387,000,000—45% over 1946. Operating charges and other deductions from income reached \$2,118,040,000—44% over 1946. A record sum of \$466,954,000 was paid to our employees.

STANDARD OIL COMPANY
AND AFFILIATED

biggest, hardest, we ever had!....

5 Net consolidated earnings of the Company and affiliates — \$269,000,000 — equalled \$9.83 per share, or 11.3% of total income as compared to 10.8% in 1946. Dividends of \$4.00 per share were paid by the parent Company.

6 Most important dollar figure of the year was the 426 million dollars spent for new wells, plants, tankers, pipelines and all the other things it takes to get the oil you need. Part of a billion dollar program covering the two years 1947-48, it was by far the greatest capital investment we have ever faced. The money came almost entirely from earnings, past and current — money made on the job went back into the job.

7 Transportation of oil was a big job. During the year, we bought 23 ocean-going tankers from the U. S. Maritime Commission, and early this year we ordered 6 new 26,000-ton, 16-knot ships, the largest we ever operated. Pipelines were pushed to new records — our trunk lines delivering 83 billion barrel-miles, or 11 billion more than in 1946.

8 In discovering new oil, we spent 5 times as much as pre-war — 16% more than last year. (Altogether, the country's known oil reserves were increased by 600 million barrels during the year, in spite of record consumption.)

9 Cost of research also increased — \$18,200,000 was spent for new knowledge. Considerable progress was made in finding more efficient and

lower-cost processes for making gasoline and other liquid fuels synthetically from natural gas, oil shale, and coal.

10 Labor-management relations remained excellent, continuing our exceptional record of industrial harmony. Employee compensation was adjusted upward during the year to help meet rising living costs. A total of \$55,396,000 was saved in employee Thrift Plans, of which \$20,987,000 was saved by employees and \$34,409,000 contributed by the Company and its affiliates.

THE 1947 JOB WAS A BIG ONE. The jobs ahead are bigger still. In a democracy the responsibility for making a better world rests with the individual and the individual enterprise. It is clear that an enterprise like Standard Oil Company (New Jersey) must exercise a full realization of the social responsibilities of profit — must understand that the peace, advancement, and the security of the people of the world are the best guarantee of the Company's own progress and security. We intend now, as always, to demonstrate in action that the free, competitive American enterprise system is far superior to any other. We believe that the Company and its affiliates are so organized, and their business so conducted, that they will continue to serve people well.

(NEW JERSEY)
COMPANIES

Copies of the full report are available on request. Address Room 1626, 30 Rockefeller Plaza, New York 20, N. Y. The earnings statement in this report satisfies the provisions of Section 11 (A) of the Securities Act of 1933.

More Customers Need more Banking Space II

AARON G. ALEXANDER

In the May issue of BANKING Mr. Alexander, an architect with extensive experience in bank design, discussed and illustrated two layouts. This article takes up three other plans, shown as Numbers 3, 4 and 5.

LET's take a look at Plan 3, a bank layout typical of the Gay Nineties. This one is termed an "Island Plan" and requires at least a 50-foot lot. It is more universally used by savings banks, and was designed to place most of the personnel within the center of the counterscreen. But to obtain this result, the public space had to be sacrificed, and, when the accommodation for check desks and customers is deducted, there isn't enough room for present day needs. We must not lose sight of the fact that, in the past, bank customers were less than half as numerous as today.

Although this plan may once have been satisfactory, modern communication methods and advances in banking have made it inessential that all the working departments be behind the counterscreen.

The main drawback, as indicated, to such a plan is the inconvenience to the public on crowded days. For instance, a depositor who goes to wicket "A" to make his deposit and may also want to make a deposit at the Christmas

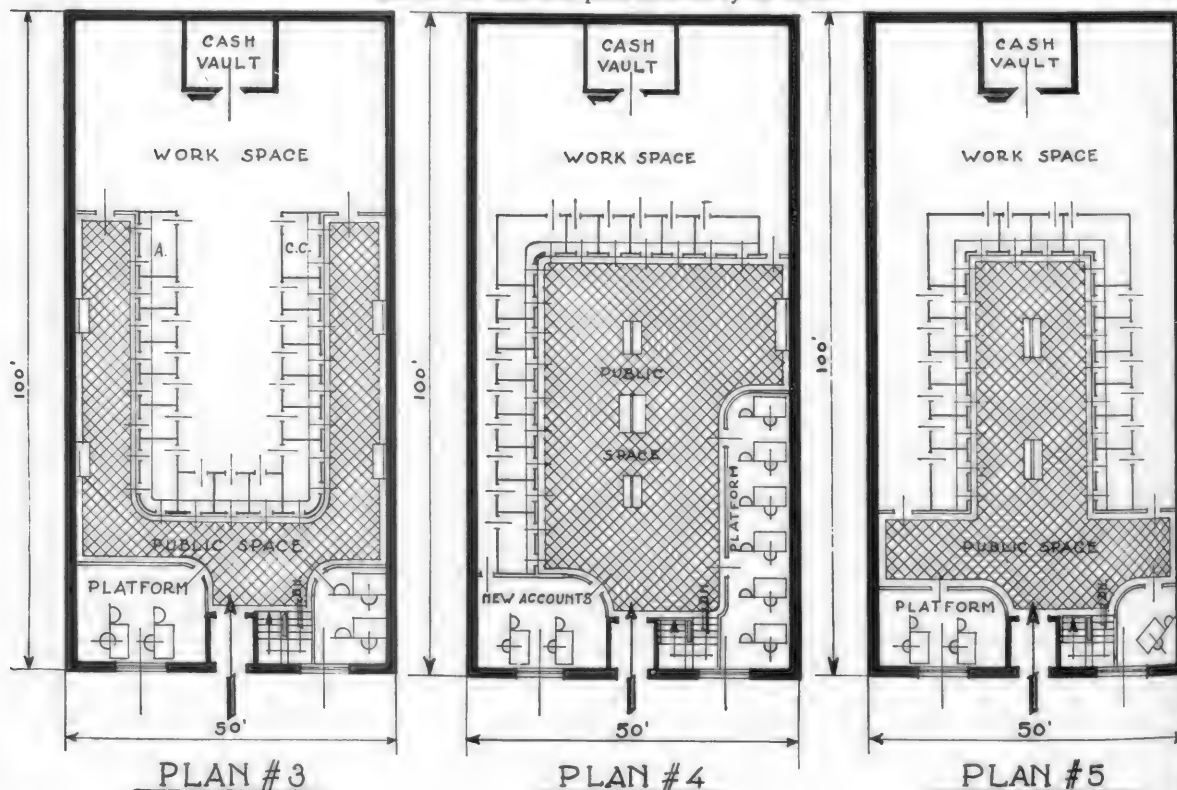
Club wicket opposite must travel the entire circumference of this island plan counterscreen. On a busy day he must work his way through lines of depositors, all of which is most inconvenient.

Also, one can readily see where bottlenecks occur—for instance, between platform and the counterscreen, as well as between check desks and counterscreen.

Taking the same floor area and planning the counterscreen in an "L" shape against the walls, as shown on Plan 4, one can easily see how much larger the public space is and how much more conveniently the client can reach the different services. Note that all bottlenecks are eliminated; customers using check desks are not interfered with by lines of people in front of wickets.

Another layout, somewhat similar, is Plan 5, a typical "U" plan. Although more convenient for the public, it is not exactly efficient for supervision by the staff. It also requires a large lot and it is difficult to segregate such cages as the interest, special checking, etc., where crowds develop periodically. Space was generally left for bank personnel at the rear of the cages, thereby cutting down the public space, which today is detrimental. This "U" shaped counterscreen is not impossible if the bank floor area is wide enough, but I maintain that Plan 4 is more adaptable to modern banking.

These are the three floor plans discussed by the author



NOW AVAILABLE—a broadened and improved

SAFE DEPOSITORY LIABILITY POLICY

—at no increase in cost

Conspicuous among the many improvements that have been made in this important form of legal liability insurance for banks and other institutions that conduct a safe deposit business are the following:

1. Now covers box renters' claims arising out of events that may have occurred *prior to the effective date of the policy*, in addition to those arising out of events that occur during the policy period, provided in either case that the bank's first notice or knowledge of the alleged event is received during the policy period.
2. Now covers claims arising out of the loss of bulky property such as trunks, boxes, bales, etc., stored in bank vaults, in addition to claims arising out of the alleged loss of property from within leased safe deposit boxes.
3. Now automatically restored to its original amount following payment of a loss, without requiring payment of an additional premium.
4. Provides a 30-day period of coverage in connection with property held in trust by the insured bank, the purpose of this provision being to safeguard the bank's interests in the event of its failure to receive prompt notice of its appointment as trustee or cotrustee of an estate involving securities or other property contained in a leased safe deposit box in the bank's premises.
5. Now covers all the premises in the United States that are occupied by the insured bank in conducting a safe deposit business and does not require notice from the bank of any increase in the number of insured premises, or in the number of safe deposit boxes at any premises, unless the increase results from the merger or other combination of the insured bank with another safe deposit or banking institution.

For full information concerning this new and improved policy, consult the F&D representative in your community, or write direct to this company.

FIDELITY AND DEPOSIT COMPANY
Baltimore Maryland

FIDELITY, SURETY AND BANKERS
BLANKET BONDS; BURGLARY AND OTHER
NEEDED FORMS OF INSURANCE

WITH WHICH IS AFFILIATED THE AMERICAN BONDING COMPANY OF BALTIMORE

Building News

"Model" Bank

THE design for a "model" bank, incorporating a number of helpful ideas for improving and dramatizing

bank services, is being offered by the Armstrong Cork Company. The "model" design was developed by Armstrong in collaboration with the American Bankers Association and was pre-

sented in a color page appearing in *Newsweek*, *Time* and *The Saturday Evening Post*.

The suggestions presented follow the new trend toward merchandising bank services on somewhat the same basis as items sold in a retail store. So that the ideas would be practical, suggestions were sought from bankers, merchandising experts, and architects before the design was begun. The best of these suggestions were turned over to an experienced designer who worked closely with Armstrong's bureau of interior decoration in preparing the final plan.

To supplement the model design, an "Ideas" portfolio has been prepared for free distribution to those interested. The portfolio explains in detail the ideas included in the design and presents a number of other suggestions. These include a model floor plan adaptable to any interior, consumer and community displays, interior diorama bank service merchandising displays, customer lounge, lighting, air and sound conditioning.

The model plan is not offered as a rigid blueprint which must be followed precisely, but as a composite of worthwhile ideas.



The "model" bank lobby designed by Armstrong Cork Company

New Bank Buildings

MERCANTILE-COMMERCE BANK AND TRUST COMPANY of St. Louis is completing an expansion and modernization program which includes the utilization of a seven-story building that has been joined to the main bank premises by a bridge across an alley between Seventh and Eighth Streets. When completed the bank will have entrances on each of the four streets surrounding the block in which it is located.

Acquisition of the additional building virtually doubles the floor space of the bank's quarters. The sixth and seventh floors are used almost entirely for employee facilities, including a lunch room and kitchen, a lounge and recreation room, and a four-bed hospital suite. An extensive reference library and several customer dining rooms are other features.

SECURITY-FIRST NATIONAL BANK of Los Angeles has leased quarters for a new branch in the west wing of the Prudential building now under construction in the "Miracle Mile" district of Wilshire Boulevard. It will be ready for occupancy in the Fall. All banking services will be offered.

ANGLO CALIFORNIA NATIONAL BANK plans to open a new office in Fresno within a few months at the corner of Fresno and L Streets. Modern in design, the branch will feature a lobby with 26 tellers' windows. Three of the walls will be decorated with large photomurals.



View of the Mercantile-Commerce bond department on the second floor of the new addition to the main bank building

Employees' lounge and recreation room adjoining the cafeteria in Mercantile-Commerce's new bank quarters addition



Trends in Bank Design



Seven photomurals showing the residential, business, industrial and recreational areas decorate the walls of the new West Hartford, Conn., branch of the Society for Savings



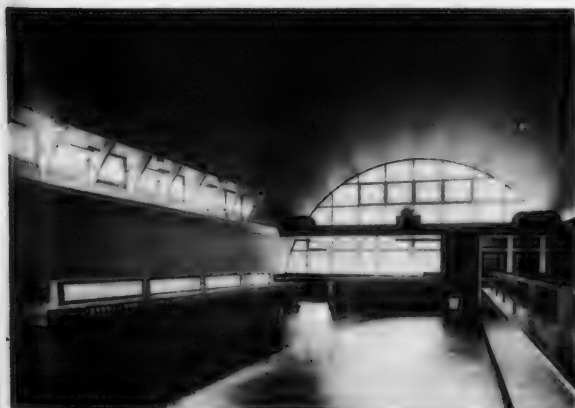
Above, the recently modernized Peoples Bank, Canton, Ohio, has the "home-like" touch. The floor covering is maroon carpet, walls are rose-orchid. Lighting is incandescent and fluorescent



The Quonset Hut type of architecture, used by the National City Bank of Cleveland for its new University Circle office, is informal and blends with the residential area



Above, the new Melrose Branch of the American National Bank, Nashville. Fixtures and equipment have a light finish. Black glass is used for the check counters and deal plates



Interior view of the National City's University Circle office shows its arched ceiling, large window areas, long, low counter at right, and convenient writing desk at left



Entrance to Progressive Bank & Trust Company's (New Orleans) new home is surmounted with mural of the raising of Old Glory in old Place D'Armes (Jackson Square) following Louisiana Purchase

More Case Histories of GI Loans

In *BANKING'S* February issue appeared an article, "Some Case Histories of GI Loans," based on reports from three states showing the experience of one leading bank in each area. Below are three more reports—from Seattle, St. Louis and New Orleans.

A VETERAN, who a year ago was living on unemployment compensation when he applied at the Seattle-First National Bank for a GI business loan, today is conducting a flourishing business raising squabs for sale to Seattle hotels and restaurants.

The \$1,000 loan granted him was predicated on his character and training, Earl H. Latimer, assistant vice-president in charge of veterans' loans, explained.

It was made after a thorough investigation of the veteran's credit, character and his ability to do what he said he could—raise young pigeons at a profit for sale in a highly specialized market.

Based on his capital, the loan was not the best risk, but based upon his potentialities as a businessman, it was justified.

A 27-year-old married army veteran with no children, he had \$85 in the bank when he applied. He also owned a 1937 Ford car valued at \$350, 750 breeder pigeons valued at \$2,100, two tons of feed worth \$165 and pigeon lofts which cost \$2,900 but were worth nothing as security except as secondhand lumber.

Yet Latimer and his staff, after their investigation, were convinced the young man could "make a go of it."

Since boyhood he had raised pigeons as a hobby. He knew their many quirks, understood the market he was attempting to supply, and was ambitious.

He asked for more than \$1,000, but the loan was granted at that figure with the open commitment that he could come back for more if the project proved successful.

He wanted the money to build his flock of breeding birds, in order to increase his net income. With the 750 birds, his estimated gross was \$270 per month. Expenses of \$90 left him a net income of \$180 a month.

Pigeons are old enough for breeding at six months, and have a useful life of about 1½ years. They can produce a minimum of 12 squabs a year, the figure used in the bank's estimates, and, under satisfactory conditions, as high as 16 squabs per year. Squabs sold for \$10.50 a dozen, yielding a net return of \$6.50 a dozen after expenses. To increase his

income, the veteran needed more breeders, and he was faced with the additional problem of depreciation of his flocks, since at the time of his loan application 200 of the birds were approaching an age which would render them useless as breeders.

The loan was used for working capital to build lofts, buy feed and breeders. It was amortized over a period of two years at \$43.43 a month.

The advantageous lease he held on his land was a deciding factor in granting the loan. He was leasing space for his lofts at \$12.50 a month, on a five-year lease with a renewal option of an additional five years.

Mr. Latimer points to the loan as one that is "well seasoned," has been justified and has carried out the spirit of the GI program in assisting an ambitious veteran in bettering his position.

At the present time the young man has 1,500 breeders in his flock, doubling his income. A restaurant and a hotel have been taking all the squabs he can produce. He has not missed a payment on the loan—in fact, the bank has granted him an additional \$1,000 credit to allow him to increase his flock.

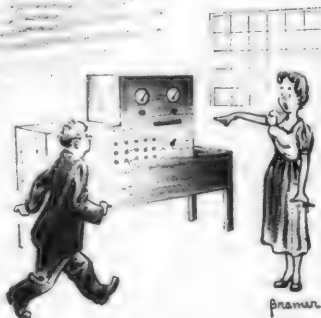
After the impetus provided by the GI business loan, he is confident, well established and able to plan a better future.

Several Success Stories

THE story of successful GI business loans at the First National Bank in St. Louis," says Vice-president R. D. Kerr, "is generally unspectacular.

"Fundamentally, it depends upon two factors: thorough grounding in the business which the veteran wishes to enter, and good choice of a location.

"That . . . that new machine. It winked at me!"



"Unfortunately, many veterans seem to believe that all they need for a GI business loan is an idea which sounds as though it might make money. But a soundly operated bank cannot afford to gamble its money on long-shot chances. The veterans we have helped have generally made good simply because they were following business practices which have already been proved sound.

"For this reason the bulk of our files on GI loans relate to such prosaic enterprises as setting up a dentist with the necessary equipment, furnishing a store for a hardware or jewelry merchant who learned his trade in someone else's shop before he asked for a loan, and things of that nature.

THERE have been a few cases outside the general run, however. I recall the story of three veterans, two of whom received some training in the photographic business before they entered service and the third of whom received such training while in uniform.

"When they were discharged, they came to us and said they wanted to set up a firm for photographic advertising displays. They showed they knew the mechanics of the work and had found there was a definite need for their services.

"We loaned them \$12,000 on a five-year loan in April 1946 for equipment, working capital and drawing accounts. Fifty percent of this was guaranteed by the Veterans Administration. Since then they have met every payment on the dot; their financial statements show consistent, steady progress and the fact that they are operating on a sound basis and that they are supplying two of the largest advertising agencies in St. Louis. We feel they've made good and will continue to make good.

"Another case which comes to mind is that of Allen Carvell, a leader among the city's amateur tennis players, who saw a business opportunity others had overlooked. Allen 'turned pro' the day we made him a loan of \$1,600 to set him up in business teaching his skill to others. He is now running a table tennis center—another sport he's a top-notch in—and has a contract with the 138th Infantry at the Armory to give lessons on their courts. On the side he sells equipment, such as tennis rackets, shoes and shorts. He's another customer we're proud of.

"I don't know whether it really qualifies as a success story, but we had one case of a young fellow who made good

in a hurry. He had been a dining car steward with the Burlington Railroad and decided after he left service that he wanted to go into the restaurant business. He had a special asset for this—a wife who had been trained as a dietitian.

"We put up \$4,000 for this man but we didn't wait long for the loan to be retired. A little more than two months after he started up his business, he sold out again at such a healthy profit that he paid off his loan in full—and had money enough left to go back in business on his own!

"Another business venture we take pride in is that of two young men who decided to open self-service laundries, with automatic washers. We financed the purchase of equipment, and today I'm helping those fellows pay off the loan—because my family is one of their best customers.

"What's more, I have to make an appointment to get in the place!"

In New Orleans

THE GI loan program, enabling scores of veterans to establish their own businesses, has proved "exceptionally" successful, both from a community betterment and banking business standpoint, according to officials of the National Bank of Commerce in New Orleans who add that the program has met with an unexpected sustained interest.

The National Bank of Commerce disclosed in its annual report to shareholders, prepared by President Oliver G. Lucas, that the bank had made about \$500,000 in GI loans through the end of 1947. Loans totaling approximately \$175,000 were for the purchase of homes, and the balance to engage in business, Mr. Lucas said in his report. He added:

"Due to the partial government guarantee, these credits have been on a liberal basis, but we have avoided loans which, in our opinion, were so unsound that to make them would have been an actual disservice to the veterans."

The National Bank of Commerce has aided veterans in establishing a great many types of businesses, said Joseph G. Lier, manager of the GI loan department and a veteran of World War II.

Mr. Lier thinks the fact that interest is sustained in the program, and did not fall off considerably after the first big rush which followed the war's end, is in itself a healthy sign.

"We are getting a higher type of applicant now," he said. "We are being approached by men of more experience in the lines in which they want to set



"Overdrawn again' . . . Is that the way to speak to your mother?"

up their own enterprises. It indicates that the applicants now coming into the bank have waited and carefully considered their chosen fields and their own chances for success."

A Job Relations Refresher

A "REFRESHER" session for supervisory personnel who have attended the job relations clinics held under auspices of New York City Chapter, American Institute of Banking, took place recently at the Federal Reserve Bank of New York.

Called by G. Stephen Henninger, assistant secretary of Irving Trust Company, who conducts the clinics for the chapter, the meeting reviewed the ground covered by the course and discussed several case histories of the successful use of job relations principles.

"In job relations," Mr. Henninger reminded the supervisors, "we are engaged in the vitally important function of human engineering. As a consequence we must think in terms of building people, of getting the people under our supervision to like their jobs and be happy in them.

"This requires not only that we be interested in our people, but that we make these job relations principles a part of our daily approach to our supervisory responsibilities. For only by utilizing the job relations techniques can we develop skill in their use and accomplish our objective of developing the individual on the job."

More than 300 New York bankers in supervisory positions have attended the clinics conducted by Mr. Henninger, who was a participant in the master job relations institute conducted in Novem-

ber 1944 by William Powers, director of customer and personnel relations, American Bankers Association.

He said the bank, through GI loans, has helped a number of dentists to obtain equipment with which to furnish offices and launch their professional careers. Several doctors have obtained loans to set themselves up in practice.

But the professional men hold no monopoly by any means. One male veteran, who had quite a bit of civilian experience in his line, borrowed a sum of money and established an ultra-modern beauty parlor in a highly fashionable section of New Orleans. Two New Orleans veterans borrowed enough to set themselves up a repair and sales agency for a national motorcycle firm. One man had had previous experience as a motorcycle mechanic, and in the Army he was lucky enough to be assigned to a service unit charged with responsibility for repairing cars, trucks and motorcycles. His partner, on the other hand, had had some executive training while working for others before the war. "As a team," Mr. Lier said, "they seemed like a good combination. We have not been disappointed."

Facts About Deposit Insurance

THE Federal Deposit Insurance Corporation has prepared a folder for general distribution to the public entitled "Is My Deposit Insured?" The folders are available to banks in quantity at \$10 a thousand, which is about half the cost of printing.

The contents are in question and answer form designed to tell depositors in insured banks all of the essential facts about the FDIC.

Typical questions and answers are as follows:

Q. What is the Federal Deposit Insurance Corporation and how was it established?

A. It is a corporation created for the purpose of insuring bank deposits and was established by an Act of Congress approved June 16, 1933.

Q. Does the depositor pay a premium for this protection of his deposits?

A. There is no direct charge upon depositors for the protection of federal deposit insurance.

The folder is a convenient pocket size.



FAILURE TO STOP PAYMENT

A CONCISE statement of rights of New York banks which fail to comply with depositors' stop-payment orders is contained in a recent decision of that state's Court of Appeals.

Arbeedee company, to bind a commercial transaction, gave Caracanda company a check for \$25,000, which amount was to be returned upon receipt of a letter of credit to be obtained by Arbeedee. Arbeedee then notified its bank to stop payment of the check. Caracanda then presented the check for certification. The bank certified it, through mistake. On the following day Caracanda presented the check for payment. The bank paid it. Arbeedee then insisted that the bank make no debit against its account, asserting that Caracanda had no legal right to the money. The bank then demanded repayment of the \$25,000 from Caracanda. Caracanda refused.

Thereupon, the bank sued Caracanda and sought to join Arbeedee as a defendant, on the grounds that if the money was not owed to Caracanda, that firm had been unjustly enriched, while if the money was owed, then Arbeedee was unjustly enriched.

While the court dismissed the case on the technical ground that the bank had failed to state a cause of action, certain statements in Justice Conway's opinion are of interest:

New York courts do not permit a bank, after breaching its depositor's instructions, to involve him against his will in litigation with a third party in order that the bank may recoup a potential loss resulting from its own error. The doctrine of subrogation or equitable assignment is not applicable under such circumstances.

A bank's liability for failure to stop payment as directed is absolute under the common law, unless the bank protects itself by contract with its depositor so as to limit its liability on a stop-payment order, or unless, in circumstances such as here involved, the bank

can and does give evidence to show that after its mistake, the depositor ratified the unauthorized payment. In the absence of ratification the bank cannot justify paying out the depositor's money without authority by showing that the recipient was justly entitled to it.

The Court hinted that if Arbeedee had credited itself upon its books with payment or had in any way recognized Caracanda's receipt of the money from the bank as payment of its obligation, the bank would have had a cause of action on the basis of unjust enrichment. *Chase National Bank v. Battat*, 78 N.E.2d 465. *P.D.*, Stopping Payment, §§7, 8.

UNEMPLOYMENT TAX LIABILITY

The story of a small Texas bank which successfully resisted the contention of the Commissioner of Internal Revenue that honorary officers, and directors serving on committees should be considered employees under the Social Security Act and the Federal Unemployment Tax Act may well interest all small banks.

The First National Bank in George West, never had more than five employees receiving wages or compensation. It did have an honorary vice-president who performed no duties and received no salary or compensation, and its by-laws called for the appointment of examining and discount committees, none of the members of which received any remuneration.

Several years ago, federal unemployment taxes were assessed on the grounds that the committee members and the vice-president were employees and brought the total number of employees to eight or more, thus making the bank liable for the tax.

Not only did the Commissioner's rul-

ing make an honorary vice-president an expensive luxury; it raised the general question whether all small banks which have directors serving without compensation on committees required under by-laws or articles of association might now be liable for taxes from which they had always considered themselves exempt. Accordingly the bank paid the taxes and brought suit for their recovery.

Despite a new ruling of the Commissioner, issued while the suit was pending, to the effect that even officers who performed services of a minor nature without pay shall not be considered as employees either because of their position or on account of the services they perform, the Government vigorously contested the suit.

When the case finally came to be tried, the federal district court at San Antonio found in favor of the bank in an unreported decision which, so far as is known, sets a precedent. It may influence the Commissioner in issuing future directives and may mean that other small banks with less than eight employees may have legitimate claims for recovery of Federal Unemployment taxes for past years. *P.D.*, Bank Personnel §5D.

MALICIOUS PROSECUTION OF DRAWER OF CHECK

A Georgia case suggests that one who would prosecute the drawer of a dishonored \$1 check for being a common cheat and swindler and knowingly drawing a check against insufficient funds had best tread carefully if he would avoid coming out on the wrong end of a damage suit for malicious prosecution.

The Court of Appeals of Georgia had before it a damage suit arising from such a prosecution. One Auld had gone grocery shopping and, lacking three cents of enough money to pay his bill, wrote a check for \$1, drawn on a bank in the same town.

(CONTINUED ON PAGE 80)

References to *P. D.* are to sections of *Paton's Digest* which contain general discussions of principles involved in the reported cases.

The Case for a Cooler Office

Illustrated above:

PHILCO MODEL 76-D (2-Tone Tan)
New, window-sill model designed for rooms up to 400 sq. ft. maximum, with normal ceiling height. Also available in Ivory, Model 76-DL.

Old Sol versus Philco Air-Conditioning



PHILCO MODEL 91-C. A new, single-room air-conditioner in a beautiful walnut console of matched grain. Ample power to serve offices up to 500 sq. ft. maximum, with normal ceiling height. Ventilation independent of cooling lets you pump out smoke and stuffy air, even in Winter. Inexpensive, easily replaceable filter. Console is 39 $\frac{1}{4}$ " high, 32 $\frac{1}{2}$ " wide, 19 $\frac{1}{4}$ " deep.

A Philco Single-Room Air-Conditioner more than earns its cost in banking and law offices during hot, sticky weather. It cools your body, refreshes your mind, makes you forget the weather, even when the thermometer is pushing the top nineties. It muffles street-noises; removes smoky, stuffy air; screens out dust and air-borne pollens; keeps papers from blowing off desks; gives you, in brief, the weather you want at the turn of a knob the year around. Clients and customers appreciate such comfort. There are models that fit on a window-sill, and consoles that sit on the floor. See your Philco dealer.

Why Simmer in Summer?

PHILCO SINGLE-ROOM
AIR-CONDITIONERS



PROTECT YOUR UNSECURED LOANS

with

ST. LOUIS TERMINAL WAREHOUSE RECEIPTS

Recent credit developments may have materially changed conditions which existed at the time many of your unsecured loans were granted. These loans, in many instances, may easily be converted to a secured basis through the use of St. Louis Terminal Warehouse Services.

WRITE OR WIRE OUR NEAREST OFFICE

ST. LOUIS TERMINAL WAREHOUSE CO.

SERVING INDUSTRY OVER TWENTY YEARS

ST. LOUIS 2, MO. • CHICAGO 3, ILL. • CINCINNATI 2, OHIO
826 Clark First Natl. Bank Bldg. Carew Tower

DALLAS 1, TEXAS • KANSAS CITY 6, MO. • MEMPHIS 3, TENN.
Construction Bldg. Waldheim Bldg. Strick Bldg.

The check was not presented for payment for more than two months. Payment was then refused because of insufficient funds. The store thereupon turned the check over to a merchant's protective association. The manager of the association wrote to Auld demanding payment within five days and threatening, otherwise, to take out a warrant against him, causing him embarrassment and additional cost.

Auld failed to pay, contending that he had not received the letter within the five days. The manager nevertheless took out a criminal warrant against him. A new check was tendered. The manager refused it on the grounds that it was not sufficient to pay "accrued interest"—which amounted to less than a cent and a half—and pressed the criminal charge. Auld was acquitted, and brought civil suit for malicious prosecution.

In hearing this suit on appeal, the court, in an opinion by Judge Townsend, ruled that Auld had sufficient grounds to take his case before a jury, since it could be inferred that the prosecution was without probable cause and was motivated by malice.

The court felt that before charging anyone with passing a check without sufficient funds, a reasonable man would have made proper inquiry. The lapse of time before the check was presented should have put the manager on notice that there might have been sufficient funds on deposit had the check been presented promptly. Had he inquired at the bank, he would have found that such was the case and would have known that he had no probable cause to make the charge. *Auld v. Colonial Stores*, 45 S.E.2d 827. P.D., Checks § 22.

NEW PROMISE TO PAY IN A "REASONABLE TIME"

A debtor who states that he will pay an overdue note as soon as he is able may be held to have made a new promise to pay the indebtedness at the end of "a reasonable length of time." Just how long that time is, the Appellate Court of Illinois leaves to the determination of a jury.

The facts of a recent Illinois case wherein the court made that finding are as follows.

The plaintiff, a California resident, loaned money to the defendant, an Illinois resident. The note securing the loan expressly provided for payment in Illinois, and called for interest at a rate illegal in Illinois, but permissible in (CONTINUED ON PAGE 82)



HAVANA



HONG KONG



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Plaza Once
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CHILE

Santiago
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CHINA

Shanghai
Tientsin

COLOMBIA

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Barranquilla
Medellin

CUBA

Havana
Cuatro Caminos
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La Lonja
Caibarien
Cardenas
Manzanillo
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Bombay
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JAPAN

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MEXICO

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Head Office: 55 Wall Street

65 Branches in Greater New York

First in World Wide Banking

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 80)

California. The note was not paid when due and although the defendant did not expressly renew the note he did write to the plaintiff on various occasions thereafter, making such statements as "... I should be able to send you some money, a little at a time ... I probably will be able to send you some as time goes by ... You don't need to worry, I will pay you every cent I owe you and it is sure sweet of you to help me out." But the note was never paid and finally, 14 years after the last letter was written, suit was brought to

recover the debt, which was the only one which defendant owed to plaintiff.

In deciding the case, the court had first to decide what law governed the rights of the parties: "Parties are presumed to contract with reference to the law of the state where their contract is to be performed, and to be governed by such law, rather than the law of the state where the contract was entered into." A note is a contract. Accordingly the original note, expressly providing for payment in Illinois, was to be performed there. The fact that it called for a higher interest rate than allowed by Illinois was not considered as showing

that the parties intended that their contract should be performed in California, nor were the defendant's statements that he would send money to the plaintiff in California considered sufficient to change the place of payment of the debt to that state. Consequently all rights of the parties were held to be governed by Illinois law.

Secondly, it was considered whether the letters written by the defendant constituted a new promise to pay the debt, sufficient to stop the running of the Illinois statute of limitations. In the absence of a new promise the statute bars suit upon a note 10 years after its maturity. Illinois law was cited to the effect that a new promise need not be in express terms; if the debtor clearly admits the debt to be due and unpaid, uses language showing a present unqualified willingness and intent to pay, and identifies the debt with certainty, it will be sufficient to toll the statute. Since defendant owed no other debts to plaintiff it was held that his letters sufficiently identified the debt, and that his statement that he would pay "when able" was not a conditional promise, but an unconditional new promise to pay the original debt and therefore sufficient to toll the statute.

As to how long the new promise tolled the statute, the court admitted that the laws of the various states, and even the Illinois decisions are not all in accord. However, it was decided that under the particular facts in this case the defendant had a reasonable time to pay and that until the expiration of such time no suit could be brought upon the indebtedness and, conversely, the statute of limitations would not again begin to run against an action on the debt. The court, in so holding, rejected the contention that the statute would begin to run again 10 years after the making of the new promise.

Finally, confronted with the \$64 question, the court in an opinion by Justice Dady remanded the case to a jury to decide just what constituted a reasonable time under the particular facts involved. *Hurt v. Steven*. 77 N.E.2d 204.

We understand that in Russia the children are forbidden to believe in Santa Claus. In this country the politicians encourage even the grown-ups to believe in him.

News item: "Burglars steal a boarding house bathtub." With rooming houses being so congested we wonder how they got it out without somebody in it.



MAN OF THE WORLD

Today, the farmer is the most important man of the world. He is not only keeping us well fed ... he is keeping millions, all over the world, from starving. Last year alone, he shipped over 20 million tons of food out of the country.

That means he is doing a lot of local business too — financing crops, buying farm equipment (some of it manufactured in Wichita),

remodeling homes, furnishing them with furniture and home appliances. He is buying and selling at a greater pace now.

Naturally, many such transactions — from local to international and back — pass through the terminal facilities of the Fourth. That is why — with experience gained and contacts made — you can get quick dependable service at the Fourth. Call on us soon and let us show you.

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Your headache can rate a headline!



McCLINTOCK BURGLAR ALARM. Instantly detects burglarious noises or heat at any pinpoint of the vault structure—sounds loud warning bell that frightens burglar before damage is done. Costs little . . . saves 65% in burglary insurance premiums.



McCLINTOCK EMERGENCY VAULT VENTILATOR. A LIFESAVER for depositors or personnel when accidentally locked in your vault, or forced into the vault during a holdup. Forced draft ventilation supplies large quantities of fresh air—emergency lights provide illumination within the vault. Installation can be made in either present or proposed vaults.



DIEBOLD AFTER-HOUR DEPOSITORY. Diebold After-Hour Depositories assure maximum protection of deposits and fool-proof operation. Pre-wired for Alarm hook-up, can easily be attached to the McClintock Burglar Alarm system for extended protection.

Any burglarious attack on your vault can be a headache. Unfavorable publicity can arise. Vault damage can be expensive, too, and cause embarrassing interruptions to normal operation.

Burglars shy clear of vaults protected by McClintock Burglar Alarms. They know that the slightest unusual sound or the application of heat will set up a noisy alarm. Its penetrating ring panics the burglar who tampers with your vault or with the alarm itself—and it can't be gagged, bribed or intimidated.

Power failure or wire cutting won't affect the reliability of your McClintock Burglar Alarm. You can have your installation tailored to meet your specific needs, including after-hour depository protection, hold-up warning stations, connection with police alarms, etc.

Take time now to consider the 65% savings in insurance premiums and write today for prices and particulars—Diebold, Inc., 1532 Fifth Street, S.W., Canton 2, Ohio.

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BANK VAULT EQUIPMENT • BURGLAR ALARMS, SAFES, CHESTS AND VAULT DOORS • MICROFILM • ROTARY, VERTICAL AND VISIBLE FILING EQUIPMENT

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Checks Payable to Insurance Companies and Deposited in Agency Accounts

AT the meeting of the Bank Management Commission of the American Bankers Association in February, the question was discussed regarding the authority of a bank to accept checks payable to an insurance company when such checks are deposited in an account of an agent in the agent's own name.

It was pointed out that some insurance companies have, when requested to do so, refused to give banks letters authorizing them to accept or not to accept checks so deposited. The attention of banks which are confronted with this problem is called to the following material quoted from *Palon's Digest* dealing specifically with this question:

An insurance agent endorsed several premium checks, payable to the insurance company which he represented, and offered them to a bank for credit to his individual account. The agent had no authority from the insurance company to endorse its name on such checks. Is the bank safe in receiving the checks for deposit, or in cashing them for the agent?

Opinion: An insurance agent ordinarily has no implied power to endorse premium checks payable to the insurance company which he represents. A bank, by receiving such checks for deposit to the agent's

personal account, or cashing them for the agent, may incur liability to the insurance company for any loss sustained by it.

Where an agent does not possess express authority to endorse his principal's name, he will be deemed to have implied authority to endorse, only if such power is necessary in the performance of his duties. . . . He may also be deemed to have apparent authority to endorse, if his principal has permitted him to endorse over a period of time. . . . The duties of an insurance agent, ordinarily, include the collection of premiums owing to the company. Collection agents, generally, are not considered to have the power to endorse negotiable instruments on behalf of their principals. . . . This rule is applicable to insurance agents as well. In *Atlantic Trust Co. v. Subscribers to Automobile Insurance Exchange* (1926) 150 Md. 470, 133 Atl. 319, the defendant insurance agency employed one Leland as its agent to solicit business and to collect and remit premiums. If the premiums were paid in cash, Leland was required to forward the amounts by his own personal check; if the premiums were paid by check, he was required to send the check. He had no actual authority to endorse checks drawn payable to his employer. He, nevertheless, endorsed a number of

checks payable to the insurance exchange by stamping its name, followed by his own name, and deposited these checks to his private account. Subsequently, he withdrew the amount of these checks for his own personal use. In a suit by the insurance exchange against the bank, the court held that an insurance agent has no implied power to endorse his principal's checks, and that the bank was, therefore, liable. The court said:

An implication of authority to endorse the principal's checks could arise only from the fact that the endorsement was necessary to the performance of the duties actually conferred on the agent, or was a customary incident of the agency conferred. *Bortner v. Leib*, 146 Md. 530, 532, 126 A. 890. But we do not understand it to be contended that it was a necessary incident to Leland's actual duties, and the facts in evidence would not support such a contention. He was, actually, only a commission agent, charged with the duty of forwarding premiums to the home office; and there would seem to have been no necessity for his endorsing the checks payable to the company and banking them here. (133 Atl. 321)

See also *Prudential Insurance Co. of America v. Hart* (1928) 205 Iowa 801, 218 N.W. 529."

Savings Costs

(CONTINUED FROM PAGE 45)

from .35 percent to 1.43 percent. The ratio of expenses to deposits ranges from .17 percent to 1.15 percent. The ratio of profit and loss to deposits ranges from a loss of .08 percent to a profit of 2.14 percent.

In a bank with a deposit ratio to capital of 20 to 1, these earnings would represent a profit of 10 percent or more on capital funds.

The wide variation in cost experience reveals that the savings business is not the scientific industry which we may have supposed. Through cost studies, some banks have learned from others how to increase earnings. Other banks discovered that by a change in the method of computing interest they could cut the cost of interest without penalizing the real savers of the bank. Great strides have been made in recent years in improving operations in the Savings Division and a cost analysis

should disclose the degree of efficiency.

A cost analysis is the first step toward greater profits in many banks.

Mortgage Loans

(CONTINUED FROM PAGE 69)

year was \$1,724 million higher than that of a year earlier, which in turn had been \$1,755 million in excess of the amount held at the end of 1945. Savings funds invested in share capital of these associations continued to grow during 1947, but did not keep pace with the expansion of real estate loans. At the end of 1947, private repurchasable share capital amounted to \$9,700 million, as against \$8,548 million at the close of 1946, and \$7,365 million at the end of 1945. The ratio of mortgages to funds in the savings and loan associations retraced a substantial portion of its wartime decline when a growth of savings was not accompanied by a demand

for mortgage credit. The ratio increased from a 75 percent low point at the end of 1945 to 85.1 percent a year later and 92.8 percent at the close of last year. The total shows that the ratio for savings and loan associations has been much higher than that of other savings institutions.



"I didn't expect to find a banker's son like you!"



How Monkeys Cashed a Check

GRAND Coulee Dam in the state of Washington is widely proclaimed as the largest concrete structure in the world. The bank in Coulee City a mile or so away is undoubtedly one of the smallest financial structures in the country. But what it lacks in size it makes up in goodwill—at least in the fervent goodwill of two individuals. Coulee City, which is served by this bank, has the appearance of a small gold mining town as Hollywood might portray it.

The town mushroomed almost overnight to provide homes for the dam's construction workers and engineers, as well as for those "displaced persons" who formerly lived on land now covered by the huge 151-mile reservoir behind Grand Coulee Dam.

Early one Saturday morning last Summer two bedraggled hitchhikers, an artist and a writer, wandered into town. They carried a month's supply of soiled linen in their suitcases and a day's supply on their backs. Like many hitchhikers, they manifested a marked lack of liquid assets; however, unlike most, they did have in their possession a considerable amount of frozen assets in the form of checks from several eastern and mid-western publishing houses.

The checks they carried were, it seemed, equally non-negotiable. Since leaving San Francisco, the travelers had received them at different general delivery windows from Eureka, California, to Seattle, Washington. Because they never stopped longer than a day or two in any locality, they had found it impossible to cash the rapidly accumulating pile of checks. Banks, merchants and hotel keepers were quite sympathetic but could hardly be expected to hand over hard cash to such disreputable characters, especially since the checks would not clear through issuing banks for at least 10 days. The result was an interesting accumulation of checks and a distressing diminution of cash.

Hope springing eternal in the human breast, they entered the Coulee City Eatee Shoppee praying that the proprietor might cash one of the smaller checks. Events proved otherwise and their liquid assets after dining were \$0.56.

The repulse at the Shoppee necessitated a new council of war and the

formulation of new plans. One way or another, it was decided, a check would have to be cashed since home was 2,769



miles away and food is useful on long trips. Expecting no mercy from the bank, which closed in about an hour, they decided to postpone the inevitable and try a few of the local merchants. Half an hour later, the inevitable could no longer be delayed. An assault would have to be made on the bank.

After a fortifying coke, the artist took a deep breath, gave the sign of the crossed index fingers, and braved his way into the crowded bank.

He had selected one of his many checks and held it waveringly in his hand. The \$50 written on the check represented the cost to the Detroit Athletic Club for several monkeys—that is, drawings of monkeys sold to the magazine published by the club.

A young typist's eyes opened wide on viewing the sight before her. "Yes?" she asked.

A short period of additional throat-clearing was followed by: "I'm a stranger in town. I have a check and I'd appreciate it exceedingly if you will please cash it for me."

He wiped his brow with his handkerchief and explained in great detail the difficulties he'd been encountering in attempting to cash checks and his rather desperate need for cash. By way of illustration, he showed her his empty wallet and the other checks in his possession.

The young lady, who, after all, was most human and had attractive dimples, smiled sweetly. "I'll have to ask you to see the manager. I really can't help you at all."

She rose primly, opened the gate and ushered him into the adjacent glassed-in office. The manager, a man in his

early forties, wore a neat summer suit, a clean white shirt, and a pair of elaborately decorated boots.

Again the artist repeated the story; but with greater pathos and with much more urgency. The collection of checks was almost forced into the manager's hands.

He glanced rapidly through the checks bearing such names as *Dance, Mill and Factory, The New York Times*, etc. He extracted the Detroit Athletic Club check and pursed his lips. He then glanced at the perspiring artist. Without saying a word, he walked to the teller's cage, and returned with \$50.

The startled artist gaped. "Do I have to sign anything?" was the most cogent remark he could think of.

"No, I don't think so," was the answer.

"Don't you want to ask me . . . ?" He smiled. "I liked those monkeys in the last issue of the *DAC News*."

After a while the artist remembered and closed his mouth.

The manager explained, "You see, I come from Detroit and still belong to the club. I've been following your drawings ever since you started working for them." He chuckled, "I particularly liked those monkeys."

Later that day, after visiting the dam and the power house, the two hitchhikers set out for Spokane with a warm



glow in their hearts for Grand Coulee Dam, Coulee City, the Columbia River, the state of Washington and for a certain small bank.

BENJAMIN MELNITSKY



Other Organizations

Missouri, for Example

THIS is the season of state association meetings. Approximately half of them took place in May, and most of the remainder will be held this month. These meetings attract thousands of bankers because of the opportunity to hear the best and most up-to-the-minute thought on banking subjects as expressed by leading authorities. The programs are geared to local requirements and afford participants an unequalled opportunity to discuss their everyday problems. The effect on the country's banking progress is, of course, far reaching.

As an example, take the meeting of the Missouri Bankers Association, May 4 to 5, in St. Louis. This was the association's 58th annual convention.

The convention was called to order by Joseph C. Williams, association president and president of the Commerce Trust Company, Kansas City. After a talk by Mr. Williams, the convention heard Canadian Minister of Finance Douglas Charles Abbott and U. S. Secretary of the Treasury John W. Snyder, former St. Louis banker. Later in the day the program included: Joseph M. Dodge, president, American Bankers Association, and president, The Detroit Bank; Allan B. Kline, Chicago, president, American Farm Bureau Federation, on "The Farmers, the Bankers and the Future," and Robert L. Thornton, chairman, Mercantile National Bank, Dallas, whose subject was "As I See It".

A feature of the second day's program were talks by David M. Kennedy, second vice-president, Continental Illinois National Bank and Trust Company, Chicago, on "The Government Bond Market," and by Dr. C. Oscar Johnson, pastor of the Third Baptist Church, St. Louis, and president of the Baptist World Alliance.

The association's new president, elected at the end of the convention, is Joseph C. Welman, president of the Bank of Kennett. Leslie K. Curry, vice-president, Mercantile-Commerce Bank & Trust Company, St. Louis, was elected vice-president, and R. E. Allen, president, Perry State Bank, was named treasurer.



Above are the new officers of the United States Chamber of Commerce. Seated, left to right: Christopher J. Abbott, vice-president, Hyannis, Nebraska; Earl O. Shreve, president, New York; W. S. Rosecrans, vice-president, Los Angeles. Standing, left to right: Arch Booth, manager; Roy C. Ingersoll, vice-president, Chicago; Ellsworth C. Alvord, treasurer, Washington, D. C.; Herman W. Steinkraus, vice-president, Bridgeport, Connecticut; Powell C. Groner, vice-president, Kansas City, Missouri; Ralph Bradford, executive vice-president

Mitchell Heads ARCB

William A. Mitchell, vice-president of J. P. Morgan & Company, Inc., New York, was elected president of the Association of Reserve City Bankers at the 37th annual convention in Coronado, California.

Norman T. Hayes, vice-president of the Philadelphia National Bank, is the new vice-president.

Elected to the board of directors for

William A. Mitchell, newly elected head of the Association of Reserve City Bankers



three terms: Alex H. Ardrey, vice-president, Bankers Trust Company, New York; Harry C. Carr, president, First National Bank of Philadelphia; William H. Miller, vice-president, City National Bank and Trust Company, Chicago; and Joseph F. Ringland, president, Northwestern National Bank, Minneapolis.

Trust School in Chicago

The School for Trust Development Men, conducted for the past two years through the cooperation of Northwestern University, will open its third annual session on September 13, at Wieboldt Hall, on the downtown campus in Chicago. The school is sponsored by the trust division of the Illinois Bankers Association.

The course was originally open to junior officers and employees of Chicago trust institutions. Inquiry from out-of-town trust institutions for this type of training has resulted in broadening the sponsorship of the school.

The course is given for three weeks and is limited to 20 students.

Mexican Bankers Meet

In the busy and modernized town of Tijuana, just across the border from San Diego, California, some 200 prom-

(CONTINUED ON PAGE 88)



a good loan can be
"burned" by more than fire!



EXPLOSION! A water heater...explosives...city or coal gas...even dust...inside or outside—any one of these can blow up the most carefully planned business; also the loan made on it!



WINDSTORM! High winds have all kinds of ways of causing damage—not just in the tornado belts, but anywhere—any time! Bad weather can be bad for good loans, too.



AIRCRAFT DAMAGE! One falling airplane can literally knock the stuffing out of a business. Extended Coverage protects your loans against that hazard—and many more!

When you grant a loan to a merchant or manufacturer—

Be sure to ask him if his fire policies include **EXTENDED COVERAGE**. If he says "Yes," you know he's covered against loss from many *other* hazards: Explosion (except steam boilers); Windstorm; Vehicle Damage; Falling Aircraft (or parts); Strikes and Riots; Hail, Smoke.

Obviously Fire plus **E-X-T-E-N-D-E-D C-O-V-E-R-A-G-E** goes a long way toward protecting your client—and therefore, *your bank*, in loan transactions.

But for fullest possible protection, consult the insurance Check List at right. Your own Broker or any "North America" Agent will furnish further information.

**USE THIS INSURANCE ✓ CHECK LIST
(ON BORROWER'S SOLVENCY)**

Is his business adequately covered against loss by—

- ✓ Fire and Extended Coverage (bldgs. & stock)
- ✓ Business Interruption Insurance
- ✓ Liability Insurance (premises and products)
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Insurance Company of North America, founded 1792, oldest American stock fire and marine insurance company, heads the North America Companies which meet the public demand for practically all types of Fire, Marine, Automobile, Casualty and Accident insurance. Sold only through your own Agent or Broker.



**INSURANCE COMPANY OF
NORTH AMERICA**
COMPANIES. *Philadelphia*

Insurance Company of North America • Indemnity Insurance Company of North America • Philadelphia Fire and Marine Insurance Company • The Alliance Insurance Company of Philadelphia

(CONTINUED FROM PAGE 86)

inent Mexican bankers and their families, with many American bankers as visitors, held their 14th annual meeting, from April 22 to 24.

Fiscal, financial and trade problems were discussed and views were exchanged with bankers from the U. S., many of whom regularly attend these gatherings.

As is customary, leading government finance officials attended. In this case it was the secretary of the treasury, Lic. Ramon Beteta; director general of the Banco de Mexico, Lic. Carlos Novoa; manager of the Mexican Securities Commission, Lic. Manuel Pallavicini, and Sr. Gurza, representing the National Banking Commission.

The sessions were presided over by the outgoing president, Sr. Luis Montes de Oca, leading Mexican banker. At the closing session Sr. Anibal Iturbide was elected president for the coming year. He is manager of the Banco de Comercio de Mexico City.

Public Relations Report

A booklet entitled "A Report on What State Bankers Associations Are Doing in Public Relations" has been issued by the extension committee of the Financial Public Relations Association. The report carries the by-line of Willis B. Conner, Jr., assistant vice-president, Merchants National Bank and the Indiana Trust Company, Indianapolis.

Part I of the report is a survey of personnel of state bankers association public relations committees and trade association secretaries. Part II discusses what the various state associations are doing in the field of bank public relations, with the programs of 18 states described in some detail. Part III consists of recommendations to F.P.R.A. for closer cooperation with state bankers associations. Among the recommendations is one urging that A.I.B. chapters be encouraged to conduct seminars on public relations, as is being done by Detroit chapter. Another was that a bank public relations clinic be held at the next F.P.R.A. convention.

New Hampshire Secretary

Nute B. Flanders has been appointed secretary of the New Hampshire Bankers Association to fill out the unexpired term of the late Harry L. Addition. Mr. Flanders will hold this new position in addition to that of executive secretary of the Savings Banks Association of New Hampshire, a post he has had since March 1939.



A scene at the Mexican Bankers Association meeting. As usual, a large number of bankers from the United States attended

Since January Mr. Flanders has also been secretary-treasurer of the Eastern Secretaries Conference of the American Bankers Association.

Carolina Conference

The 12th annual Carolina Bankers Conference will be held this year, July 11-16, at the University of North Carolina, Chapel Hill.

The conference is under the joint sponsorship of the North Carolina Bankers Association, the South Carolina Bankers Association, the banking departments of the two states and the University of North Carolina.

According to *The Tarheel Banker*, the conference will have a "technical trust school" as part of its program this year.

Mutuals' Annual Meeting

Savings bank officers and trustees from all sections of the country gathered in the Hotel Traymore, Atlantic City, May 24-26 for the 28th Annual Conference of the National Association of Mutual Savings Banks.

John W. Snyder, Secretary of the Treasury, and John Foster Dulles, eminent speaker and writer on international affairs, were prominent among the list of distinguished speakers who addressed the three-day meeting. Murray Shields, vice-president and economist, Bank of The Manhattan Company, New York; Richard Rapport, bank commissioner of Connecticut and president of the National Association of Supervisors of

State Banks; Allen Northey Jones, authority on bond investments and partner in Morgan Stanley and Company; Representative Ralph A. Gamble (N. Y.), chairman, Congressional Joint Committee on Housing; Edward R. Carr, immediate past president, National Association of Home Builders; and Judge Harold C. Kessinger, philosopher and author, also were on the program.

Among savings bank leaders who participated, in addition to President Schwulst, were Henry Bruere, president, The Bowery Savings Bank, New York; William L. Maude, vice-president, National Association of Mutual Savings Banks and president, The Howard Savings Institution, Newark, N. J.; Mervin B. France, president, Society for Savings in Cleveland, Ohio; Michael F. Schaeffer, president, The Peoples Savings Bank, Evansville, Indiana; John de Laittre, vice-president, Farmers and Mechanics Savings Bank of Minneapolis, Minnesota; Stuart C. Frazier, executive vice-president, Washington Mutual Savings Bank, Seattle, Washington; Robert M. Morgan, vice-president, The Boston Five Cent Savings Bank, Massachusetts; and Ralph B. Welsh, executive vice-president, Morris County Savings Bank, Morristown, N. J.

We understand there are some horses that are trained to know a green light means go and a red light stop. There may still be hope for some motorists.

Already

OVER 1,200 BANKS IN 46 STATES

have adopted this fastest-growing
customer service



BURROUGHS COMMERCIAL TELLER'S MACHINE

It's sweeping the country! Banks from coast to coast—in communities in 46 states—are providing more modern, more pleasant service with Burroughs Commercial Teller's Machines.

They report that their checking account customers and their tellers like this new system because it re-

duces standing-in-line time . . . eliminates the pass-book nuisance . . . provides greater protection.

Your local Burroughs representative will gladly give you complete information about this modern tool for tellers—its success in other banks . . . its contribution to improved customer relations. Call him today!

WHEREVER THERE'S BUSINESS THERE'S

Burroughs



Reserves for Bad Debts

(CONTINUED FROM PAGE 39)

Treatment of Securities Which Become Worthless

In the case of a bank, as distinguished from a non-banking corporation or individual, securities which become worthless may be treated as a bad debt. But Mim. No. 6209 was adopted to provide only for bad debt losses on loans. Consequently, security bad debt losses must be taken care of otherwise, either by specific bad debt deduction or by an independent reserve not governed by Mim. No. 6209.

Minimum Reserve Explained

The amount of the moving average percentage applied to loans outstanding at the end of the taxable year is usually, but not necessarily, the amount of the deductible addition to the reserve for bad debts. A bank may be prevented from deducting the whole amount thereof by reaching the ceiling before it has all been applied. Or a bank may voluntarily take less than the entire amount of deduction to which it is entitled.

On the other hand, a bank may take a larger amount, if necessary, to reach the minimum reserve to which it is entitled. The latter may occur only if the current charge-offs exceed the amount in the reserve at the beginning of the taxable year. In that event, the bank may deduct from gross income the amount of the moving average percentage applied to loans plus the amount of the deficit in the reserve for bad debts. The term "minimum" is permissive only, defining a bank's rights. It does not impose any obligation on the bank to deduct any amount or credit any amount to the reserve for bad debts.

Changing from Specific Charge-off to Reserve Method

It is now too late to apply for permission to use the reserve method for the calendar year 1947; but a bank on a fiscal year basis may make such application up to 30 days before the close of its fiscal year beginning in 1947. All banks on the calendar year basis were notified at the first of the year that for

the calendar year 1947 they might make application up to and including March 15, 1948, and that the making of such application did not bind the bank to use the reserve method. The election was not consummated until the filing of a return using the reserve method. It is probable, therefore, that every bank filed such application.

For banks which did not elect the reserve method, the application to change to the reserve method may be made at least 30 days before the close of the present taxable year. That means on or before December 1, 1948, for banks on the calendar year basis, in order to use the reserve method for 1948. For banks already using the reserve method, but not using the provisions of Mim. No. 6209 for the year 1947, there seems to be no reason why they may not file amended returns reporting in conformity with that ruling if they so desire. The requirement of requesting permission on or before March 15, 1948, or 30 days before the end of the taxable year, is interpreted to relate only to changing from the specific charge-off method to the reserve method. This statement, however, is only an opinion, and is not based on any official ruling directly to that effect.

CALENDAR

American Bankers Association

- June 7-11 American Institute of Banking, Annual Convention, Hotel Statler, Buffalo, N. Y.
- June 19- Graduate School of Banking, Rutgers University, New Brunswick, N. J.
- July 3 Annual Convention, Book-Cadillac and Statler Hotels, Detroit, Mich.
- Oct. 13-15 Western Regional Trust Conference, Multoman Hotel, Portland, Ore.
- Nov. 4-5 Mid-Continent Trust Conference, Drake Hotel Chicago, Ill.

State Associations

- June 2-6 District of Columbia, The Greenbrier Hotel, White Sulphur Springs, West Va.
- June 2-4 Illinois, Edgewater Beach Hotel, Chicago
- June 2-4 Missouri, Bankers Conference, University of Missouri, Columbia
- June 4-5 New Hampshire, Hotel Wentworth, Portsmouth
- June 7-11 Florida, Agricultural School, Gainesville
- June 7-8 Idaho, Challenger Inn, Sun Valley
- June 9-10 Georgia, Ansley Hotel, Atlanta
- June 10-12 Colorado, Hotel Colorado, Glenwood Springs
- June 10-11 Washington, Empress Hotel, Victoria, B. C.
- * June 11-12 North Dakota, Nicollet Hotel, Twin Cities
- * June 11-12 South Dakota, Nicollet Hotel, Twin Cities
- June 11-12 Vermont, Equinox House, Manchester
- June 12 Nevada, Hotel Nevada, Ely
- June 12-15 New York, Mount Washington Hotel, Bretton Woods, N. H.
- June 14-15 Oregon, Hotel Baker, Baker
- June 16-17 Minnesota, Nicollet Hotel, Minneapolis
- June 17-19 Virginia, Homestead, Hot Springs
- June 18-19 Connecticut, Equinox House, Manchester
- June 17-18 Wyoming, Sheridan
- June 21-23 Wisconsin, Schroeder Hotel, Milwaukee
- June 24-26 Michigan, Grand Hotel, Mackinac Island
- June 24-26 Montana, Many Glacier Hotel, Glacier Park
- June 25-27 Maine, Poland Springs House, Poland Springs
- June 28-29 Utah, Hotel Utah, Salt Lake City
- Aug. 5-6 West Virginia, Greenbrier Hotel, White Sulphur Springs
- Aug. 16-23 New York, School of Agriculture, Cornell University, Ithaca

- Aug. 22-28 Arkansas, Seminar, University of Arkansas, Fayetteville
- Oct. 3-4 Vermont Fall Meeting, Wanneck Hotel, Jefferson, N. H.
- Oct. 25-27 Iowa, Hotel Fort Des Moines, Des Moines
- Nov. 10-11 Nebraska, Hotel Fontenelle, Omaha

* Joint Meeting.

Other Organizations

- June 4-5 Savings Banks Association of New Hampshire, Hotel Wentworth, Portsmouth, N. H.
- June 12 New Jersey State Safe Deposit Association, Hotel Berkeley Carteret, Asbury Park, N. J.
- July 11-16 Carolina Bankers Conference, Chapel Hill, N. C.
- Aug. 2-13 Pacific Coast School of Banking, University of Washington, Seattle, Wash.
- Aug. 16-20 Kentucky School of Banking, University of Kentucky, Lexington, Ky.
- Aug. 23- Sept. 4 Central States School of Banking, University of Wisconsin, Madison, Wisc.
- Sept. 12-19 New York State League of Savings & Loan Associations, Saranac Inn, Saranac, N. Y.
- Sept. 16-18 Savings Banks Association of Massachusetts, New Ocean House, Swampscott, Mass.
- Sept. 19-22 Savings Banks Association of Maine, Poland Springs House, Poland Springs, Maine
- Sept. 24-26 Association of Bank Women, Hotel Fort Shelby, Detroit, Mich.
- Oct. 8-9 Savings Banks Association of Connecticut, Equinox House, Manchester, Vt.
- Oct. 10-13 National Association of Bank Auditors and Comptrollers, Biltmore Hotel, Atlanta, Ga.
- Oct. 25-27 Robert Morris Associates, Statler Hotel, St. Louis, Mo.
- Nov. 4-6 Savings Banks Association of the State of New York, Hotel Traymore, Atlantic City, N. J.
- Nov. 8-12 United States Savings and Loan League, New York, N. Y.
- Nov. 29- Dec. 2 Financial Public Relations Association, Hollywood Beach Hotel, Hollywood, Fla.

BANKING NEWS

June Is "Education Month" on Calendar of A.B.A.

G.S.B. Ready for Record Enrolment of 950; 250 Seniors Await Panel Quizzes on Theses

"These are tense, anxious days for the 250 members of The Graduate School of Banking senior class," said G. S. B. Registrar William Powers in telling about behind-the-scene preparations for the 14th annual resident session of the school at Rutgers University, New Brunswick, N. J., from June 19 to July 3.

The G. S. B. student body at this session will be composed of about 950 bank officers, which is the largest registration in the school's history.

In the senior class are four bank presidents, 22 vice-presidents, 29 assistant vice-presidents, 12 cashiers, 14 trust officers, six secretaries, four treasurers, 35 assistant cashiers, 14 assistant trust officers, 18 assistant secretaries, 25 assistant treasurers, and 18 department heads. Other managerial officers make up the rest of the class. The class is drawn from 33 states.

"The seniors were genuinely relieved when they got their theses filed on the April 30 deadline," said Registrar Powers. "But the relief was only temporary. These men yet have to appear before members of the 27 three-man examining panels on June 19 for their oral examinations on their theses."

Examining Panels

"The 81 men composing the examining panels are either faculty members or other authorities on various phases of banking and finance," said Mr. Powers. "The personnel changes from year to year, depending upon the subject matter of the theses submitted. This year's 27 panels break

G. S. B. Director Stonier



June 1948

down as follows: There are six panels composed of operating men, two of personnel administrators, one each of public relations, state savings bank supervision and savings bank operations specialists, six of commercial and agricultural credit experts, two of economists, two of investment specialists, two of investment specialists in the savings bank field, and four panels of men who are authorities on trust investment and operating procedures.

How Students Are Graded

"G. S. B. students are graded on the extension problems they work out and submit over a two-year period, on their theses, and on their oral examinations. Their graduation depends upon their making an acceptable score in each classification.

"From the time a thesis arrives at the registrar's office things begin to happen," Mr. Powers said. "It is sent out to the panel examiners for reading and checking so that they will be prepared to take the student through his oral examination. Sources are checked and conclusions weighed to determine whether a student has

(CONTINUED ON PAGE 94)

Registrar Powers



Buffalo Convention, June 7-11, Finds A. I. B.

With Record Membership of 87,000 Bankers;

Old-Timers' Banquet a Feature of Program



The Institute's national president, Garnett A. Carter, left, and the vice-president, Pierre N. Hauser

The American Institute of Banking comes to its 48th annual convention in Buffalo, N. Y., on June 7-11, with a paid membership of 87,000, the largest in its history, reports National President Garnett A. Carter.

Class enrolment as of March 31 was approximately 46,000, which is nearing the A. I. B.'s prewar peak. The Institute, which is the educational section of the American Bankers Association, has 242 active chapters, 162 study groups, and a correspondence student enrolment of 1,784.

A feature of the Buffalo convention will be a "reminiscences" banquet on Tuesday evening. Bankers present at this get-together will include about 50 past and present national officers and past and present executive councilmen of the Institute.

Departmental Conferences

Edward A. Wayne, vice-president of the Federal Reserve Bank of Richmond and chairman of the Departmental Conference Committee, announces that men of experience and recognized ability have been chosen to lead a full program of departmental conferences on the following subjects: Bank Management, Bank Operations, Business Development and Advertising,

Credits, Savings, and Trust Business and Investments.

Leaders and speakers will come from all parts of the country to make this feature of the convention outstanding.

A comprehensive revision of the Institute's by-laws will be submitted to the convention for the consideration of the delegates. Two major changes affecting the chapters, study groups and general membership have to do with broadening the requirements for chapter and study group membership and increasing the national membership dues from 75 cents to \$1.

The latter amendment was recommended by the Finance Committee of the Institute, composed of President Carter, Vice-president Pierre N. Hauser, and immediate past President George J. Greenwood, Jr. The by-laws revision committee is composed of Hartwell F. Taylor, of Richmond Chapter; J. Vincent O'Neill, of New York Chapter; and David T. Scott, of Boston Chapter.

President Carter, who is vice-president of the Fulton National Bank, Atlanta, will preside at the general convention sessions, speakers for which were announced in May BANKING.

Chapter caucuses, at which candidates for national office present their qualifications,

will be held, as usual, on Thursday evening. Vice-president Hauser, who is vice-president of the First-Wisconsin National Bank, Milwaukee, has been nominated for the Institute presidency by Milwaukee Chapter. He is unopposed.

Hartwell F. Taylor, assistant vice-president, Bank of Virginia, Richmond, has been nominated by Richmond Chapter for the A. I. B. vice-presidency. He also is the only nominee to date for this office.

Four nominations have been made for the four vacancies to be filled in the Institute's Executive Council: Joseph F. Cornelius, vice-president, First National Bank of Spokane; Martin J. Travers, vice-president, Power City Trust Company, Niagara Falls, N. Y.; Albert H. Gabel, Savings Bank of Utica, N. Y.; and W. Frank Phillips, assistant vice-president, Commercial National Bank, Charlotte, North Carolina.

A.B.A. To Have Savings and Mortgage Division

The Savings Division of the American Bankers Association will be designated as the Savings and Mortgage Division if action taken by the Executive Council in changing the name at its recent spring meeting is ratified by the Association's convention in Detroit this Fall.

The Savings Division, since its organization, has been responsible for research on and dissemination of information concerning urban real estate mortgages, and the change in title simply is official recognition of this important function. The work in the urban mortgage field has been carried on by a department of the Savings Division known as the Department of Research in Mortgage and Real Estate Finance. This department will remain as a working group of the Division.

Detroit Bankers Name Committees to Make Ready for A.B.A. Convention, Sept. 26-29

Preliminary arrangements for the 74th annual convention, of the American Bankers Association to be held in Detroit, Sept. 26-29 are rapidly being completed. Charles T. Fisher, Jr., president of the Detroit Clearing House, is chairman of the convention executive committee. Mr. Fisher is president of the National Bank of Detroit.

Official headquarters of the convention, which will bring more than 4,000 of the nation's bankers to Detroit, will be the Statler and the Book-Cadillac hotels.

Committees of Detroit bankers who will prepare for the convention activities have been named and are working to perfect details of the big national meeting. Earl J. Failor, chairman of the hotel committee, has sent letters to the A.B.A. member banks, enclosing application blanks for those who will attend. All hotel reservations will be made through the hotel committee rather than through the hotels themselves.

Mr. Failor requests that bankers, wherever possible, plan to share quarters in double rooms, as the requests for single rooms will far exceed the capacity of local hotels. He also warns that railroad accommodations should be obtained well in advance and that bankers should arrange, through their local railroad agents, for transportation both to and from Detroit.

At each of the headquarter hotels there will be a complete Association set-up, with registration desks, information desks, and local committee headquarters. Committee meetings and divisional meetings will be held in both hotels.

The visiting bankers will be guests of the Detroit banks and trust companies at a Sunday evening program on Sept. 26. Divisional meetings will be held on the 27th and the general convention sessions will take place in the Masonic Temple on the mornings of Sept. 28 and 29.

Committee Officers

Heads of the Detroit convention committees are:

General Convention Committee: Henry H. Sanger, chair-

man, Manufacturers National Bank of Detroit, chairman; Eugene W. Lewis, chairman, Industrial National Bank, vice-chairman.

Executive Committee: Charles T. Fisher, Jr., president, National Bank of Detroit, chairman; Charles W. Hewitt, vice-president, The Detroit Bank, vice-chairman.

Arrangements Committee: Charles A. Kinney, vice-president, The Detroit Bank, chairman; Arthur J. Fushman, vice president, Manufacturers National Bank of Detroit, vice-chairman.

Entertainment Committee: Noble D. Travis, vice-president, Detroit Trust Company, chairman; Clifford L. Rugg, vice-president, Industrial National Bank, vice-chairman.

Finance Committee: Ernest C. Harris, vice-president, Federal Reserve Bank of Detroit, chairman; Harlan J. Chalfont, manager, Federal Reserve Bank, Detroit, vice-chairman.

Halls and Meeting Places Committee: William B. Hall, vice-president, The Detroit Bank, chairman; Edward Anderson, vice-president, United Savings Bank of Detroit, vice-chairman.

Hotel Committee: Earl J. Failor, vice-president, National Bank of Detroit, chairman; Arthur B. Pfeleiderer, vice-president, Detroit Trust Company, vice-chairman.

Reception Committee: Hal Y. Lemon, vice-president, National Bank of Detroit, chairman; Raymond A. Jacobs, vice-president, The Detroit Bank, vice-chairman.

Registration Committee: T. Allan Smith, vice-president, Commonwealth Bank, chairman; Roderick F. Thomson, comptroller, Commonwealth Bank, vice-chairman.

Information and Publicity Committee: Allen Crawford, vice-president, Bankers Trust Company, chairman; George M. Ellis, vice-president, United Savings Bank of Detroit, vice-chairman.

Transportation: William A. Mayberry, executive vice-president, Manufacturers National Bank of Detroit, chairman; Edwin D. Kay, vice-president, The Detroit Bank, vice-chairman.

Buffalo Program

Here is the program time table for the 1948 A.I.B. convention:

Monday, June 7

- A.M. Registration and Sightseeing
- 2:00 P.M. First Business Session
- 8:30 P.M. National Public Speaking Contest for the A. P. Giannini Educational Endowment Prizes

Tuesday, June 8

- 8:15 A.M. Departmental Conference—Credits Institute Conference—Publicity
- 12:30 P.M. Departmental Conference—Trust Business and Investments Institute Conference—Educational
- 8:30 P.M. National Convention Debate

Wednesday, June 9

- 8:15 A.M. Departmental Conference—Bank Management Institute Conferences—Women's—Public Speaking
- 1:30 P.M. Outing (afternoon and evening)

Thursday, June 10

- 8:15 A.M. Departmental Conference—Bank Operations Institute Conferences—Public Relations—Debate
- 12:30 P.M. Departmental Conferences—Savings—Business Development and Advertising
- Institute Conference—Chapter Administration
- 8:30 P.M. Caucuses and Election

Friday, June 11

- 10:00 A.M. Chapter Leader Clinics
- 2:00 P.M. Second Business Session
- 9:00 P.M. Grand Ball

A.B.A. Council Approves "Reasonable Control" of Bank Holding Units

Believes Dual System Should Be Preserved

The importance of preserving the dual banking system by protecting the local autonomy of state banks and state bank supervisors was emphasized by the Executive Council of the American Bankers Association in a statement adopted at its 1948 spring meeting on the subject of bank holding company legislation.

At the same time, the Council warned that "a satisfactory solution of the holding company legislation problem cannot be obtained by the enactment of what may be regarded as punitive legislation."

In presenting the statement to the Council, Joseph M. Dodge, president of the A.B.A. and president of The Detroit Bank, said:

"The legislation now pending before Congress appears to impose additional restrictions on state banks, mutual savings banks, and holding company affiliates, both national and state; and it sharply increases the licensing authority of the Federal Reserve under the terms of the bill.

"I think these are all very important fundamental policy considerations affecting our business. My view of the situation requires two types of action if it is to be answered finally and properly. One is action at the federal level covering interstate problems and one at the state level for intra-state problems."

Council Statement

The statement adopted by the Executive Council says in part:

"With respect to the legislation now before the Congress, dealing with bank holding companies, the A.B.A. agrees with the principle of divorcement of non-banking affiliates of bank holding companies, giving due recognition to the merits of individual situations; also the principle that there should be provisions which permit adequate time for compliance and tax free distribution of non-eligible investments of bank holding companies.

New Bank Ad Series



**WHEN YOU PAY
BILLS BY CHECK**

**No more wet-weather
trips. Mail your personal
checks and the job's
done in a few minutes.**

In a series of 18 one-column by 6" newspaper advertisements featuring checking accounts the A. B. A.'s Advertising Department uses silhouettes similar to the one above to emphasize the convenience of paying bills by check.

"The A.B.A. agrees with the principle that there should be, in the public interest, reasonable controls over the organization of new and the expansion of existing holding companies.

Further Study Needed

"On the other hand, in view of the commitments of the A.B.A. in favor of the maintenance of the dual banking system, and in opposition to branch banking across state lines as expressed in a resolution of the convention adopted in 1937 at Boston, Massachusetts, the A.B.A. believes that these points in relation to the present bill require further extensive study. The legislation apparently imposes additional restrictions on state banks which are holding company affiliates; and, further, the legislation might deprive states of the right to control bank holding companies (operating entirely within the state's jurisdiction) controlling state-chartered institutions. The local autonomy of state banks and state bank supervisors should be preserved.

"Also, the legislation now under consideration may provide for overlapping responsibilities of federal bank supervi-

Federal Budget Is Key to Credit Situation, A.B.A. Economic Policy Commission Reports

The economic "visibility" is about as low as it has been for a long time because the forces of inflation and deflation are balanced and the future is not clear, W. Randolph Burgess, chairman of the A.B.A. Economic Policy Commission, reported to the Executive Council at its annual spring meeting at French Lick, Ind. Mr. Burgess is chairman of the executive committee of The National City Bank of New York.

The key to credit inflation and deflation is the federal budget, he said in suggesting a three-point program to meet new inflationary forces.

"Several things happened in recent months that at least temporarily leveled off commodity prices," he said. "One was the Federal Reserve and Treasury policy—a very courageous money policy, more courageous than any of us ever dared hope would be followed; a steady increase in short-term money rates which finally filled the endless vacuum for those long-term bonds; the rise in Federal Reserve discount rates; the application of Treasury balances to paying off the debt; and finally, the policy of 'Christmas Eve,' which we all remember as giving the bond market a good jolt.

"Now, the second thing that was done was the anti-inflation policy of the American Bankers Association; and that we all agree was a sound and ably conducted policy and did have helpful results.

"The third thing was the

drop in agricultural prices. We knew that prices were too high, but the precipitous drop in January and early February appeared, at least to many of us, to turn the tide in this inflationary move.

New Forces Visible

"I think we are all agreed that there are certain new forces that have come into the picture that have changed our hopeful feeling and have made us wonder whether we still face the old problem of inflation.

"One of these, of course, is the passage of the European Recovery Program with its added expenditures of \$6,300,000,000. The other is the armament program; and now the tax bill. We will have to admit to ourselves that this was not an anti-inflationary move. I think it was the right thing to do. It has certain long-range advantages in preserving our system of enterprise.

"The forces of deflation, of levelling off prices, appeared to be setting in, and then these new forces have come along. Where will the struggle end?

"To meet this situation, we must continue, and continue vigorously, the voluntary efforts that the bankers of the country are making to see to it that their loan policies are sound, are productive, and are not encouraging any inflation.

"Second, we must look to the banking authorities of the Federal Reserve and the Treasury to do their utmost to pursue a non-inflationary and
(CONTINUED ON PAGE 94)

visory authorities, and it might reduce the effectiveness of such federal authorities in fields where they now have statutory responsibility.

"The A.B.A. has consistently favored the minimizing of discretionary authority in federal supervisory agencies, which would be increased in this bill.

Further Study Needed

"These factors lead the A.B.A. to believe that further study should be given to all of the foregoing points by those concerned with this legislation.

"The legislation involves a conflict of interest between

members and groups of members of the A.B.A. (state banks, mutual savings banks, bank holding company affiliates, both national and state). The A.B.A. will lend its efforts to the obtaining of substantial agreement among them.

"Pending more substantial agreement on appropriate legislation by the interested and affected parties, the Interim Committee is directed to give consideration and study to the general questions raised in this statement so it may recommend to the Association a policy of action on the terms of any desirable legislation submitted on this subject."



These pictures show the head table at the "family dinner" during the spring meeting of the Executive Council, American Bankers Association, held at French Lick, Ind. Among the guests were several government officials, including Comptroller of the Currency Delano, FDIC Chairman Harl, and Under Secretary of the Treasury Wiggins, a former president of the Association



Economic Policy Report

(CONTINUED FROM PAGE 93)

anti-inflationary policy to the extent necessary.

"The third thing that has to be done is to deal with the government budget. That's the key to credit inflation and deflation.

Government Spending

"I think we all ought to examine, as we face huge necessary expenditures and other phases of government spending, to see whether there are some that can be cut. You can't do it just by little shifts in administration, by tighten-

ing up a few screws here and there. To really do it, you have to examine basic government policies. There are also a series of other points in our national budget where we need to sit down and reconsider the policy of what we expect from our Government. This isn't just a policy of battling inflation. It's a long-term policy, for I believe we cannot with complacency look forward to the Government spending \$40 billion a year—such a huge percentage of the national income—without realizing that that would mean a different democracy than we were raised in."

Graduate School of Banking

(CONTINUED FROM PAGE 91)

a complete mastery of his subject and the amount of original research he has put into the thesis, so that when the examiners meet the student at the oral examination they can give him an intelligent hearing."

Another behind-the-scenes operation is the review of students' extension work and the averaging of grades to see whether senior classmen have met the requirements leading up to the oral examination.

Oral examinations will be held on the afternoon and evening of Saturday, June 19.

The previous evening the examining panels will meet separately to discuss their findings on the theses they have read and on the morning of the 19th the examiners will meet in one group to review the procedure to be followed at the panel examinations. Students are notified in advance by the registrar of the time and place of their appearance.

Classes will start on Monday, June 20, and continue for the following two weeks. Graduation exercises will be held Friday evening, July 2.

The Investment Market

(CONTINUED FROM PAGE 58)

ment expenditures for rearmament and recovery.

The price cuts are particularly important because many of them are the result of increased technology, better machines, new products and the completion of postwar building and expansion. These are encouraging long-term earning factors. In this general picture, strikes have been disturbing, but so far have not been too great a factor. Compared with previous wage demands, labor has been generally reasonable and government agencies and courts have shown a restrained firmness in dealing with disputes.

Demand for New Issues Stimulated

Better equity markets stimulated the demand for new issues to a marked degree. Most offerings were well diversified and response ranged from enthusiastic to good. Bond issues were well absorbed and the same was reported for most other securities.

Next to state bonus obligations, utility financing seems to dominate the markets and is likely to do so for some time, as water, gas and electric empires are dissolving and now sell securities to the public direct in order to stand on their own feet financially. Another reason is a \$6 billion utility expansion program within the next three years. It

will affect virtually every part of the country and it is aimed at integrating the capacity of the privately owned and government run industry to take care of possible peak demand in war and peace. That particular business, in common with many others, has discovered that postwar demands in some areas even exceeded war peaks as a result of population increases and a substantially higher standard of living by the majority.

A new investment vehicle made its public bow in May when Gearhart & Company, Inc., New York, offered a 7 percent convertible equipment trust certificate issue of \$150,000 to finance the purchase of a DC-4 airplane by Transcaribbean Air Lines. The certificates run for three years and are issued by Colonial Trust Company, which retains title to the plane until it is paid off. Monthly charges to be paid by the airline, under this contract, represent a substantial saving from its previous arrangements and adaptation of the plan may be a boon to the heavily strained financial structure of the air carriers.

The phrase "Stop me if you've heard this one" originated with the husband whose wife met him as he came in at 3 A.M.

There are no commandments harder to live by than the first ten.

There is nothing raises a man's hope more in vain than the first spring cantaloups.

In a presidential campaign the party platform is first planned, than panned, and finally canned.

A national political issue is an issue that has become so important all candidates avoid discussing it.

Light travels at remarkable speed until it meets the human mind.

More money is spent on chewing gum than books. But after all you can borrow a book.



plus Hundreds of Train-Plane Arrivals and Departures Per Day

Speedy handling of your items is assured by a mail pick-up approximately every 30 minutes during the business day... and Mercantile-Commerce is just across the street from the Post Office.

St. Louis is a midwest transportation center, too, with 142 arriving and departing mail planes, 76 incoming and 75 outgoing trains each day.

All these factors, plus night and weekend operation of our Transit Department mean fast service for all Mercantile-Commerce correspondents.



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Tomorrow's Livestock in Good Hands

(CONTINUED FROM PAGE 51)

Aberdeen-Angus cows and the two men at the First National Bank of Pullman can add another name to the list of youngsters they have helped to a sound start. Soon after getting their foundation of black cattle the boys decided they should have a swine herd. Today they have 15 Poland China sows and two herd boars.

"The fact that the bankers had confidence in my program really gave me the courage to go ahead," Blaine recalls. "It was definitely the turning point."

Speaking of country bankers who become very happy when discussing achievements of youths they have helped, meet A. G. Fleming, vice-president of the Sunnyside, Washington, branch of The Old National Bank of Spokane.

"I'm going out to Richard's place," he said one winter afternoon. Neither cold, wind, rain, nor snow, could have kept him from that date with Richard Golob, a 4-H boy he has been working with for four years.

Richard's club activities had grown to the point where he was feeding 51 steers for the commercial beef market. But the show-ring urge was still strong. Out of these steers he wanted to pick a few to receive special attention for the spring shows. Banker Fleming was to counsel with him on which ones had the best chance of developing into blue ribbon winners.

For his winter livestock feeding operation, young Golob had borrowed \$2,500 from the bank.

"We know this loan will be paid promptly when due," Mr. Fleming

added. In 1946 this lad netted \$1,600 from his 4-H work. In 1947 his earnings were \$3,200 and this year he should do even better. Besides the accumulation of dollars he has quite an array of show ribbons he has been collecting since he was 10 years old.

Sunnyside is also a good place to measure the joys—and the opportunities—in this type of "grass roots" banking. Twenty years ago Banker Fleming was also going out to farms—then to help adult feeders get started. A keen and enthusiastic student of livestock himself, he has been able to provide much more than dollar credit to the stockmen in his community. This activity, basic in the development of livestock feeding, has been "fun" to Banker Fleming.

"When the youth programs were started we were just as interested in them," he recalls. "To date we have never lost a dollar in financing their programs. In our discussions with these boys and girls, we have placed special emphasis on the necessity of establishing both moral and financial responsibility for the purpose of building a future credit rating which is so essential when they are ready to start their production on a commercial basis."

Whenever Mr. Fleming wants to "generate a little satisfaction in country banking" he just puts on his hat and coat and goes out to visit some other enterprising youth, or some feeder.

"Both 4-H and FFA have developed rapidly in the past 10 years and the majority of participants have done an excellent job," he says. "We find that



A. G. Fleming, vice-president, Old National Bank of Spokane, in charge of Sunnyside branch, right, and 4-H'er Richard Golob examine one of the steers Richard is finishing for the 1948 spring show

about 75 percent of them carry on for a number of years and the other 25 percent drop out along the line for various reasons. Sometimes from lack of encouragement from their parents, others because they believed that the profits were exceptionally high with very little work, and others because they simply were not willing to listen to advice and apply themselves as they should."

Even with the mortality, the number that do make good has been sufficient to build a new livestock industry and to provide all the "satisfaction" any cooperating banker could ask for. Best of all, this satisfaction isn't something that quickly passes. It lasts. Ask Charlie Canfield, president of the First Trustand Savings Bank at Moscow, Idaho.

Soon after he began in banking in the Cache Valley of northern Utah in 1915 the region entered an era of dairy expansion and farm diversification. In one of the first big waves of cooperation with youths, banks brought in dairy calves by the carload.

Today the Cache Valley of Utah is one of the most concentrated dairy sections in the Intermountain Region. Dairying is regarded as an "old" industry. Yet whenever Banker Canfield revisits the scene of his first banking he isn't around long before he meets some dairy farmer who, after a moment's reflection, says:

"Why yes, I remember you. You loaned me the money to buy my first calf." And Mr. Canfield has the pleasure of seeing a herd—a pioneer herd now—he helped get started through a calf loan. "It certainly makes you feel good to see first hand the lasting effect of that help," he adds.

Even though country bankers may not have a dollar at stake in any 4-H or FFA project, they still retain their deep interest in the welfare of the youth projects.

Sixty-two persons attended a one-day agricultural conference in Corvallis and 68 a similar conference in Pendleton, sponsored by the Oregon Bankers Association in cooperation with the Oregon State College. Those attending a concluding banquet in Corvallis are shown in the photograph



A Five-Point Soil Conservation Program

(CONTINUED FROM PAGE 50)

erosion was doing to the soil. They also told our farmers how they could control erosion and still farm their land. We organized trips to the experiment station at Pullman. We had meetings that packed the high school auditorium. We began acquainting our boys and girls—who will be handling these 40,000 acres tomorrow—with the need for keeping soil erosion under control.

It wasn't long before the farmers in our section wanted to get some kind of an organization set up to do a real soil conservation job. They had heard about other states where laws had been passed making it possible for farmers to set up soil conservation districts. They wanted a state law along that line, too. It didn't take much urging for some of us to give them a hand. By that time we knew that soil conservation was good business for us.

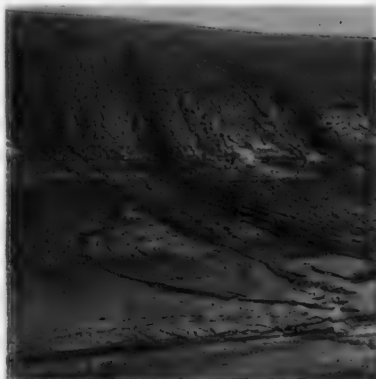
We got our soil conservation district law through the legislature. And we're proud of the fact that our farmers formed the first soil conservation district in the State of Washington. It's called the North Palouse District. Likewise, the land we serve in Idaho, just across the line, is in the Latah soil conservation district. The land in our district had lost half its original topsoil before our farmers began their organized battle against erosion.

Technicians of the U. S. Soil Conservation Service are now helping farmers work out and apply practical programs to control erosion and restore the land's productive capacity.

These programs, which vary from farm to farm because of soil and slope conditions, include:

- (1) **Use of each piece of land in line with its natural ability to produce.**
- (2) **A rotation to help put needed "life" back into the soil.**
- (3) **Use of the wheat and pea stubble instead of burning it.**
- (4) **Better tillage practices, including cross slope cultivation.**
- (5) **Getting natural drainageways seeded to erosion resisting sod.**

As Al Moffat, in charge of the Soil Conservation Service office in Palouse, explains: "Land, like people, differs, one piece from another. Like people, too, land will do the best job of production when it is devoted to those tasks for which it is best suited. We use land



Heavy erosion and foot-thick aluvium in flat area six miles south of Pullman, Washington

capability classes to indicate the best use of soil and also show what practices are needed in a program to keep the soil productive. Soil type, soil depth and slope are among the factors which guide us in determining the capability of a particular soil."

Al has found that on practically every farm in this vicinity there is some land that is either too steep or has too shallow a soil to safely cultivate it each year. Eroded clay hilltops and points, excessively steep slopes and eroded or silted bottomlands are examples. In keeping with such land's capability to produce, our farmers seed it to adapted mixtures of alfalfa and grass. In such a way, the lands produce a valuable hay crop which at the same time controls erosion and rebuilds the soil.

Our palouse soils were endowed originally with high fertility. But under the farming system in which everything was taken from the land and little or nothing returned to it, the soil declined. In the short while the palouse soils have been farmed, the organic matter in them has been reduced almost half. For that reason, the rotation suggested in the farm conservation plans calls for sweet clover to be plowed under to renew the "life" of the cropped lands.

Use of the stubble of wheat and peas instead of burning it is another conservation step. When knocked down on the surface, or disked in lightly, the stubble helps break the shattering effect of the rain drops during the heavy downpours in Winter and early Spring.

I won't attempt to go into the technical details of why the five points are necessary to get a good job of systematic conservation working on the land. But we know the program is sensible, practical, and that it pays off. We had heart-

breaking proof of that this Spring.

During January and February this year, we had the heaviest rains in the Palouse since 1910. The south fork of the Palouse River flooded the main streets of nearby Pullman to a depth of some three feet. Fields not protected by good conservation measures suffered some of the worst damage in my memory. Erosion experts of the Soil Conservation Service told me some of this unprotected land lost as much as 100 tons of topsoil per acre in less than 48 hours. Where farmers had been practicing soil conservation for the past five years or more, erosion was barely noticeable.

We toured our area right after the storms. People didn't even have to get out of their cars to see which farmers were practicing soil conservation and which were not. The evidence was right there for anybody to see from the highway. As it was, the damage was much more than we can afford; there are still some farmers in our community who haven't switched over to conservation farming or who haven't been at it long enough to get their land in shape to weather the kind of storms we had this Spring.

Erosion damage this year convinced a great many of us in the palouse country that we haven't got the menace licked by any means. But it also proved that we have made some real progress.

Bankers' Agricultural Schools Increasing

(CONTINUED FROM PAGE 52)

more courses will include agronomy, farm appraisal, labor efficiency, and marketing. All instruction is given by Cornell professors.

The author has also served in an advisory capacity with committees sponsoring similar schools in other states. He recommends these schools to state bankers associations and colleges of agriculture as a most excellent medium for rendering service to both country banks and farm people.

While the policy of various schools differs on admissions from outside the state, it is significant that this year the New York school has accommodations available for 10 or a dozen freshmen from outside New York State. It has been found that these students from outside the state often return home "sold" on the value of these schools and are eager to see similar institutions established in their own states.

News for Country Bankers

(CONTINUED FROM PAGE 55)

4-H Achievement Pin Fund

A \$100 4-H Club achievement pin fund has been set up by the Rhode Island Bankers Association to purchase pins for 4-H members in Rhode Island.

Farm Representative Increases Loans



A little over two years ago George A. Greenlee joined the staff of The First National Bank of Lapeer, Michigan, as farm representative and since that time he

has devoted practically all of his time to the bank's farm customers. Among other things, he makes appraisals, real and chattel, looks after farm sales, consults with farm customers about their credit needs, encourages them to improve their soil conservation practices, and works with 4-H and FFA members in the development of projects.

"He has developed more agricultural loans and in addition, through consultation with all of our farm borrowers, has brought their monthly payments more in accord with their farm income," writes President C. A. Laesch.

In full-page advertisements the bank features the services offered through its farm representative. These advertisements carry the slogans, "Our land is our wealth . . . we must protect and develop it" and "Our Goal . . . Every acre a productive acre."

Mr. Greenlee was born on a farm and after graduation from high school attended the University of Michigan for three years and took a number of courses at Michigan State College. For nine years he operated a 400-acre farm, specializing in purebred cattle. He has been an officer of various Lapeer County agricultural groups and an active leader in several others. He holds the *Lapeer County Press* farmer award for outstanding farm achievement.

National Land Use Conference

Banking was represented on the program of the National Conference on Land Use Policy and Conservation in Omaha last month by a panel composed of A. G. Brown, deputy manager of the

American Bankers Association in charge of the Agricultural Commission; W. W. Campbell, president of the National Bank of Eastern Arkansas, Little Rock, who is chairman of the Agricultural Commission's Soil Conservation Committee; O. "Dooley" Dawson, vice-president of the Second National Bank, Houston; and Darryl R. Francis, economist of the Federal Reserve Bank of St. Louis.

Ray R. Ridge, senior vice-president of the Omaha National Bank, welcomed more than 200 representatives of education, industry, government and conservation groups as chairman of the Omaha Chamber of Commerce.

During discussion of "The Stake of Financial and Business Interests in Proper Land Use and What They Should Do in Support of It," Mr. Brown said that "banks in every community should help their farmer customers practice soil conservation, even to the extension of credit which can be amortized from increased production made possible by conservation.

Mr. Campbell said he would like to see every rural community have some kind of a factory with a million dollar payroll to give local employment to overflow farm populations. Rural bankers, he said, are the logical ones to furnish the leadership to start organized programs for farm community improvement.

In pointing out that depreciation and depletion reserves are just as important in farming as in industry, Mr. Dawson said farmers have the advantage in that they are able to replace and maintain productivity of his soil at a profit to themselves.

Mr. Francis presented an illustrated description of financing the reconstruction of farms in Missouri.

Bankers, together with other groups attending the conference, submitted reports that will be used in an effort to evolve a national land use policy.

Bankers who discussed "The Stakes of Financial and Business Interests in Proper Land Use and What They Should Do in Support of It," at National Land Use Conference in Omaha. Left to right, Messrs. Brown, Campbell, Dawson and Francis



Youths Get Facts

A manual presenting in simple style the elementary facts farm youths should have about banking and banks in order properly to care for their finances has been written and published cooperatively by the agricultural committee of the Alabama Bankers Association and other interested groups.

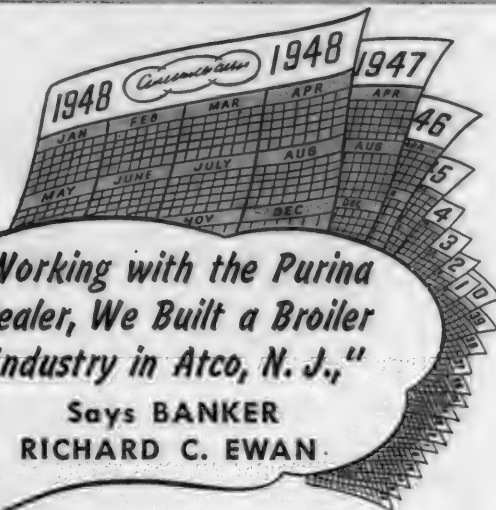
The function of money and banks and the steps to be taken by youths to reap the benefits from bank services are discussed informally under nine chapter headings, as follows: Everybody Needs Money, Tin Can or Bank, Just Give Me a Check, The Bank Is My Bookkeeper, Borrowing Money—Good or Bad?, Money Now—Repay Later, Paying Off the Mortgage, Finances of a Bank, and Let's Try It Out. Under "Finances of a Bank," the manual explains in simple language the meaning of bank resources and liabilities. A case example of how to obtain a bank loan and the internal operating procedure involved is given in the final chapter, "Let's Try It Out."

Indiana 4-H Study

A statewide study of 469 Indiana banks by the Department of Agricultural Extension of Purdue University reveals that agricultural agents rated only 18.1 percent of the banks as "highly helpful" in youth activities. Another 24.9 percent were rated as "helpful," while 24.9 percent were listed as "passively helpful" and 32.1 percent as "not interested." Actually, the agricultural agents gave 43 percent of the 469 banks a cooperative rating in the Extension Department's youth work.

The Indiana Extension Service was inspired to make this statewide study as a result of a nationwide survey made by the Agricultural Commission of the American Bankers Association two years ago to determine how banks can give greater assistance to youth work.

23 YEARS of POULTRY FINANCING AND WE'VE NEVER HAD A LOSS



"Working with the Purina Dealer, We Built a Broiler Industry in Atco, N. J.,"

Says **BANKER**
RICHARD C. EWAN



Purina Dealer, C. B. Githens, left, and Cashier Richard C. Ewan of the Atco National Bank, right, handle \$100,000 in broiler paper per year.

Agricultural income from 300,000 broilers per year is mighty important to a town of only 1500 people. That's why The Atco National Bank looks back with satisfaction on the contribution it has made, working with the Purina Dealer, in helping to build this broiler industry.

Caleb B. Githens, the Purina Dealer, has been a key customer of the Atco Bank ever since it opened its doors. For 23 years, the bank has helped finance Githens' customers—"And we've never had a loss!" says Cashier Richard C. Ewan.

When Mr. Githens set out eight years ago to build a new broiler industry in the community, the bank helped in the financing of growers (selected and supervised by Dealer Githens). What's more, Mr. Ewan put displays of live, growing broilers right in the bank lobby to interest prospective growers in the new industry.

Now there is more than \$100,000 in bank financing yearly involved in broilers. But, with the Purina Dealer's "broiler-wise" staff on the job, the bank's dollars have a trained watchdog with them, helping the grower, protecting the bank.

Partners in COMMUNITY BUILDING



THE PURINA DEALER IS A MAN YOU SHOULD KNOW

Rural bankers in many other communities are finding their Purina Dealer a good man to know. He and his employees contact farmers day in and day out. They know when the farmer needs banking service, they know when the banker has a good risk and a bad risk. Have you ever discussed your services with the Purina Dealer? Make it a point to do it soon. Working together . . . Banker and Dealer . . . you can build your agricultural community.

RALSTON PURINA COMPANY
Headquarters, St. Louis 2, Mo.

HEARD ALONG MAIN STREET



The Pluck of the Irish

SURE, an' the first folks you'll be meeting on Main Street this month are the SULLIVAN boys whose County Kerry brogue is now among the intangible assets of Northwestern National Bank of Minneapolis.

They're MICHAEL, 19, and CORNELIUS, 18. Fresh from Killarney itself, they are studying banking the good, old-fashioned way—by beginning as messengers.

The lads landed in New York, looked around a bit and then announced, unanimously: "Too big." So they moved on to Minneapolis where their Aunt Mary Mahoney lives and where they soon joined the Northwestern family. They're working hard, learning to run adding machines in spare time between errands.

When BANKING heard that MIKE and CONNIE (hope they don't mind the familiarity!) had become bankers it asked RICHARD H. STEBBINS, the bank's advertising man, how they were doing.

"The boys," he reports, "have been here such a short while that it might be difficult to say how they're doing because they are going through such a terrific readjustment. The locality they came from is quite rural and, although they apparently had at one time or another been to Dublin and seen such modern things as the Irish streetcar and other mechanical developments, they had never seen anything comparable to what we have here in the United States.

"In addition, they have to adapt themselves to our way of speaking, and believe me, to listen to these Irish boys talk is very revealing. A Yankee in the Emerald Isle would be lost for sure!

"Our systems of currency and measurements are, of course, different, too.



The Sullivans from Killarney

The boys are learning what the inch, foot and mile are, what the dollar and its various parts are, and soon I expect they'll be throwing pop bottles at umpires while watching the Minneapolis Millers in action.

"They are convinced that they want to stay in the U. S.—more specifically in Minneapolis. They like banking. They're happy here at Northwestern and, so far as we know, are satisfied. They are very interesting boys who have shown a lot of courage in coming here. I'm sure that, with the pluck of the Irish, they'll make a success of their adventure."

Reuben A. Lewis

REBUBEN A. LEWIS, who founded and published the semi-monthly magazine *Finance*, died in a Chicago hospital on May 4 after a long illness. He was 52 years old.

Mr. LEWIS, a native of Birmingham, Alabama, had a long career in journalism and banking. From 1923 to 1928

he was associate editor of *The Journal* of the American Bankers Association (now *BANKING*) and then was A.B.A. deputy manager in charge of the Trust Department for two years.

From 1930 to 1937 he was second vice-president of the Continental Illinois National Bank and Trust Company of Chicago, and from 1937 to 1941 served as executive vice-president of the Metropolitan Trust Company in that city. Acquiring the old *Chicago Banker* in 1941, he renamed that weekly *Finance* and issued it twice monthly.

Mr. LEWIS was a member of the A.B.A. Public Relations Council in 1939 and also belonged to the Association of Reserve City Bankers.

His career in journalism began in 1911 as a reporter for the *Birmingham Age-Herald*. Subsequently he was sports editor and later went to New York as shipping editor of the *Journal of Commerce*. In 1922 and 1923 he was that newspaper's chief Washington correspondent, and then joined the staff of the *A.B.A. Journal*. He was a veteran of World War I.

Continental-Chemical

CHEMICAL BANK & TRUST COMPANY of New York has acquired the business of the Continental Bank & Trust Company which, when the stockholders voted on the sale several months ago, had deposits of \$163 million. In addition to taking over the Continental's deposits and liabilities, Chemical purchased acceptable assets for cash; the remaining assets will be liquidated for the benefit of Continental shareholders.

N. BAXTER JACKSON, Chemical's chairman, announced the appointment to that bank's staff of numerous former officers of the Continental. Vice-presi-

(CONTINUED ON PAGE 102)

PIONEER'S HORIZON



Boeing Stratocruiser — world airliner, built in Seattle

Washington is young. It is a lusty industrial and agricultural empire—with abundant electric power, with abundant natural resources. Development here has only begun . . . We invite your correspondence. We will help you take advantage of industrial opportunities in Washington.

**N
B
of
C**

STATEMENT OF CONDITION

At Close of Business April 12, 1948

Resources

Cash and Due from Banks	\$ 93,838,721.69	
United States Government Obligations	164,910,913.47	
Obligations of U. S. Government Agencies	6,826,962.48	\$265,576,597.64
State, County and Municipal Securities		12,641,482.16
Other Bonds		195,966.44
Loans and Discounts		88,266,044.43
Federal Reserve Bank Stock		300,000.00
Banking Houses and Equipment		1,979,893.90
Other Real Estate		13,797.00
Interest Earned—not collected		806,586.52
Other Resources		15,223.71
Customers' Liability under Letters of Credit and Acceptances		332,746.68
		<u>\$370,128,338.48</u>

Liabilities and Capital

Deposits	\$348,546,085.49
Unearned Income	550,410.55
Liability under Letters of Credit and Acceptances	332,746.68
Reserves for Accrued Expenses, Interest and Taxes	1,063,183.61
Capital	\$3,000,000.00
Surplus	7,000,000.00
Undivided Profits	4,873,976.13
Reserves for Contingencies	4,761,936.02
	<u>19,635,912.15</u>
	<u>\$370,128,338.48</u>

NATIONAL BANK OF COMMERCE

of Seattle • 27 Washington Offices

FOUNDED 1889

HEAD OFFICE: Second Avenue at Spring Street, Seattle • ELiot 1505

Member Federal Deposit Insurance Corporation



State Treasurer Ebright of Ohio receives from W. Randolph Burgess, executive committee chairman, National City Bank of New York, a check for \$201,220,-666.67, proceeds of a bonus bond issue. *Standing, left to right:* Ohio's secretary of state, E. J. Hummel; Governor Herbert; J. T. Ferguson, auditor; also, Delmont K. Pfeffer, a National City vice-president. The bonds were distributed by a nationwide syndicate

CO-OPERATION

Let us handle your financial requirements in Cleveland and the Great Lakes Area . . . *quickly and safely.* Our experience, resulting from more than 58 years of close association with the diversified commerce and industry of this region, is available to assist you in appraising your problems accurately and promptly. Write for information. Phone or wire for immediate action.

CLEVELAND 1, OHIO

NATIONAL FIRE INSURANCE CORPORATION

(CONTINUED FROM PAGE 100)

dents thus appointed include: Domestic banking department, CHARLES S. PARKER, JR., MARK B. PECK, HERBERT M. PRIOR and JOHN T. SEAMAN; foreign department, EINAR HAMMER; corporate trust department, HARRY C. THOMPSON; branches, THOMAS F. BEN-TON, FERDINAND M. BISSELL, EDWIN VAN PELT and CARL C. LANG.

General Persons Retires from Army

MAJOR GENERAL JOHN C. PERSONS, president of The First National Bank of Birmingham, Alabama, has retired as commander of the 31st (Dixie) Division.

General PERSONS asked to be relieved of further active military duty because of the pressure of business and because he had reached the age when he would no longer be used as a combat officer. He has completed reorganization of the 31st Division and the Alabama National Guard—operations he agreed to undertake at the end of World War II.

In accepting General PERSONS' request for retirement, the Governor of Alabama appointed him as a lieutenant general in the state militia.

General PERSONS has a 27-year service record in the infantry, including seven years of active duty in the two world wars. As a captain and major he served in several campaigns in France during the first war and in the second he commanded the 31st for four years, including several Southwest Pacific engagements. He holds numerous decorations, including the Distinguished Service Cross and the Distinguished Service Medal.

Clark to Manage New York Clearinghouse

EDWARD L. BECK is retiring August 1 as manager of the New York Clearing House Association and will be succeeded by the assistant manager, G. RUSSELL CLARK.

Mr. BECK has been with the organization for 22 years. He was elected assistant manager in 1926 and manager in 1937.

Mr. CLARK, an 'alumnus of The Graduate School of Banking (Class of 1947), becomes the seventh manager of the clearinghouse, which was formed in 1853. Joining the staff as an office boy in 1919 he was appointed assistant manager when Mr. BECK was advanced to the managership.

Following studies at New York University, Mr. CLARK completed the American Institute of Banking course

BANKING



Mr. Clark



Mr. Totton

of studies with New York Chapter, serving as chapter president in the year 1943-44. He is a member of the chapter's governing board and president of the alumni association. He is also permanent president of the 1947 Graduate School of Banking class.

FRANK M. TOTTON, vice-president of the Chase National Bank, New York, and chairman of the Committee on Public Education, American Bankers Association, has been elected grand master of the New York State Masons. Mr. TOTTON is also president of the New York City Y.M.C.A.

JOSEPH M. DODGE, president of The Detroit Bank and of the American Bankers Association, has been elected a director of Chrysler Corporation.

HERBERT V. PROCHNOW, vice-president of the First National Bank of Chicago, has been elected secretary of the Federal Advisory Council, of the Federal Reserve System. He had served for some time as associate secretary.

LAURENCE M. OLNEY, formerly associate national director of the U. S. Savings Bond Division, Treasury Department, has been appointed regional sales coordinator for the states west of the Rockies. Representing the national office in the states under his jurisdiction, Mr. OLNEY will assist the state chairmen and directors in interpreting and applying national policies and procedures. His headquarters will be in Los Angeles.

COMER J. KIMBALL, a director of the First National Bank in Palm Beach, has been made vice-chairman of the board, a new office. He will continue to supervise the investment portfolios and trust investments of the bank and its affiliates. Mr. KIMBALL has been closely associated with the management and development of the Reynolds group of banks since 1940 and is executive vice-president of the First National Bank in Miami. First National in Palm Beach has advanced Vice-president JOHN A. BOARDMAN to the first vice-presidency, succeeding BERT C. TEED, who has retired because of ill health.

PERRY BALDWIN, president of the Wilmington office of the Farmers Bank of the State of Delaware, is treasurer of the United Fund of Delaware which campaigns annually for the important charitable organizations in the state.

REUBEN B. HALL, vice-president of The Philadelphia National Bank, has been elected a director of the Philadelphia Bourse. He is in charge of the bank's foreign department, which he joined in 1911.

J. JOSEPH MAY, vice-president of The Bank of Virginia, has been ap-

pointed general for the 1948 Richmond Area Community Chest campaign.

ROBERT S. PRINGLE, vice-president of the Fulton National Bank, Atlanta, is the new president of Southeastern Chapter, Robert Morris Associates.

JAMES STUART, assistant secretary and assistant trust officer of the Security-First National Bank of Los Angeles, and CLAUDE W. KESLER, collections department manager of the Fifth & Spring office, retired April 30 after 32 and 45 years of service, respectively.

1450 New Industries!

1450 new industries for Georgia since September, 1944! Not included in this number are the many old established firms who have expanded their operations and increased their personnel.

We count ourselves fortunate to be sharing in this phenomenal development of Georgia industry. Each month brings added prosperity for the region, for us, and for our correspondent banks.

WE INVITE YOU TO JOIN OUR GROUP



The **Fulton** NATIONAL BANK
COMPLETE SERVICE AT 5 OFFICES IN METROPOLITAN AREA OF ATLANTA

MEMBER FEDERAL RESERVE SYSTEM
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

**GROWING,
GROWING,
GROWING**



Member Federal Deposit
Insurance Corporation

Head Office 5th and Spring Streets

Probably no other community in the world, has in our times grown so consistently—so solidly. Sound industrial expansion was evidenced in 1947 by the 215 new factories established in Los Angeles.

Since the '80's Citizens National Bank has aided in the growth of Los Angeles and provided its correspondent banks with seasoned counsel and efficient service.

CITIZENS
NATIONAL BANK
TRUST & SAVINGS OF LOS ANGELES



Left to right, Messrs. Saunders, Muckley and MacDonald

Staff changes at the Seattle-First National Bank of Seattle include vice-presidencies for CHARLES D. SAUNDERS, RICHARD C. MACDONALD and JOSEPH E. MUCKLEY. Mr. SAUNDERS comes to the bank from the First National Bank of Omaha, where he was a vice-president and director, and had previously been vice-president and cashier of the First National Bank of Denison, Iowa. His assignments at the Seattle-First will include activities in the branch supervisory department. Messrs. MACDONALD and MUCKLEY were promoted from assistant vice-presidencies.

Union Square Savings Bank, New York City, recently celebrated the 100th anniversary of its incorporation. Speaking at a staff dinner dance in honor of the occasion, President R. H. BROWNELL recalled that when the bank opened on July 1, 1848, the only paid employees were a \$400-a-year account-

ant and a porter who got \$100 a year for daily cleaning, stock-keeping and services as office boy and messenger. The first day's business brought 38 accounts totaling \$1,263. On January 1 last the bank had nearly \$60 million deposited in 42,398 accounts. Eight employees who have been on the staff 20 years or longer were honored at the dinner.

PAUL K. YOST, vice-president of Security-First National Bank, is the new president of the Los Angeles Community Welfare Federation. A Federation vice-president since 1942, Mr. Yost has been active in Community Chest work since 1930. He is also an officer of Los Angeles Chapter, American Red Cross.

The International Bank for Reconstruction and Development announces the appointment of LOUIS G. MUDGE,

formerly a vice-president and director of The First Boston Corporation, as assistant in the bank's marketing department, New York City. He will do liaison work with financial institutions throughout the country.

ROD MACLEAN, advertising director and assistant cashier, Union Bank & Trust Company, Los Angeles, has written a new song, "Remember Another September." It has been played on a West Coast radio program and is to be published.

Savings Bonds Assistant

JAMES M. ROUNTREE has been appointed assistant director, banking and investments, Savings Bonds Division of the Treasury Department.

Mr. ROUNTREE has been with the Department of Commerce for the past three years as chief of the Finance and Tax Division, Office of Small Business. He began his career as a messenger for the American National Bank of Nashville in 1910, advancing to the post of assistant cashier. Later he was assistant vice-president of the First National Bank of Tampa, Florida, from 1925 to 1927, manager and director of the savings and loan associations of Nashville from 1927 to 1932, and secretary-comp-

FOR YOUR CALIFORNIA CORRESPONDENT, THINK OF CROCKER FIRST



11-8
1210

A SYMBOL
OF SOUND
BANKING FOR
SEVENTY-SEVEN
YEARS.

EASTERN REPRESENTATIVE
20 Pine Street • New York

Overseas Service and Information

Send your foreign trade transactions for your import-export customers to us.

Our network of foreign banking contacts, developed through seventy-seven years, enables us to offer a specialized service in the financing of international trade through the issuance of commercial letters of credit and in the negotiation or collection of drafts arising out of such transactions.

We can also be helpful by providing you with information on foreign firms and markets, particularly those situated in countries of the Pacific World.

*Our experienced personnel will give prompt attention
to your requests for service or information.*

CROCKER FIRST NATIONAL BANK

OF SAN FRANCISCO

1 MONTGOMERY STREET
SAN FRANCISCO

FRANKLIN AT THIRTEENTH STREET
OAKLAND

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

troller of the Federal Home Loan Bank of Cincinnati from 1932 to 1933. For the next nine years he was prominent in the activities of the Federal Home Loan Bank Board in Washington.

Mr. ROUNTREE organized and supervised the first 1,100 federal savings and loan associations in the United States. Subsequently he was vice-president and cashier of the Security Savings and Commercial Bank of Washington, D. C. From 1944 to 1946 he was special assistant to the chairman and general manager of the Smaller War Plants Corporation in Washington.

ROBERT A. CULVER, formerly executive vice-president of the Tennessee Valley Bank, Knoxville, has succeeded BURTON E. FORSTER as president. Mr. FORSTER, who resigned the presidency because of ill health, was named chairman of the board. The bank was formerly the Morris Plan Bank.

Employees and directors of The Merchants National Bank & Trust Company of Syracuse, New York, honored CRANDALL MELVIN on his recent 10th anniversary as president.

HERBERT A. LEGGETT, vice-president of the Valley National Bank, Phoenix, is the new Arizona state chairman of the Committee for Economic Development. He was formerly vice-chairman.

Just Slide the Beads

THE ABACUS, they say, is a very efficient gadget—if you know how to use it.

Two people in the City National Bank & Trust Company of Kansas City, Missouri, are becoming rather expert in the manipulation of this ancient oriental calculator. BRUCE JOHNSON, of the bank's foreign department, received some abaci from a Hong Kong banker. With them came a book of instructions, so Mr. JOHNSON and his assistant, PATRICIA HUNT, proceeded to learn how to figure by sliding wooden

Mr. Johnson and Miss Hunt



BANQUE DE LA SOCIETE GENERALE DE BELGIQUE

Société Anonyme

3, Montagne du Parc, Brussels, Belgium

STATEMENT OF CONDITION

31st December 1947

Liabilities

EXIGIBLE:

	Belg. Fr.	
Preferential creditors:		
National Bank.....	—	
Other creditors.....	16.766.816,73	
Balance with other Bankers.....	16.766.816,73	
Balance with Branches & Affiliations (1)....	713.839.644,76	
Acceptances outstanding.....	189.985.131,37	
Other short term liabilities.....	1.530.708.511,53	
Creditors for Bills in course of collection..	402.247.052,03	
Deposits and current accounts:	435.692.231,57	
a) demand deposits and up to a month's notice.....	16.622.799.898,33	
b) time deposits at 1 month's notice or more.....	1.466.105.816,11	
Amounts callable on subscribed shares and participations.....	18.088.905.714,44	
Sundry liabilities.....	366.202.057,50	
	224.298.211,68	
		21.968.645.371,61

SPECIAL LIABILITIES (2):

Accounts temporarily blocked:		
a) demand deposits and up to a month's notice.....	2.784.133.963,53	
b) time deposits at 1 month's notice or more.....	37.758.209,20	
		2.821.892.172,73
		2.821.892.172,73

CAPITAL ACCOUNTS:

Share capital.....	500.000.000,—	
Legal Reserve Fund.....	50.000.000,—	
Available Reserve Fund.....	370.497.006,24	
Reserve constituted by reevaluation of Securities Portfolio.....	179.502.993,76	
Provision for War Damages.....	26.045.325,—	
		1.126.045.325,—

BALANCE OF PROFIT & LOSS ACCOUNT:

Balance brought forward from 1946.....	3.450.288,20	
Year's 1947 profit.....	144.353.675,42	
		147.803.963,62
		26.064.386.832,96

Assets

Belg. Fr.

AVAILABLE ASSETS:

Cash, Balance with the National Bank and Post Office (a/c department).....	1.032.389.570,06	
Call Money.....	418.000.000,—	
Balance with other Bankers.....	644.239.748,94	
Balance with Branches and Affiliations (1)...	273.132.567,36	
Other short term assets.....	443.150.732,31	

BILLS IN PORTFOLIO:

a) Commercial bills.....	2.655.250.329,63	
b) Treasury Bills rediscountable with the National Bank.....	4.275.800.000,—	
c) Treasury Bills negotiable with the National Bank up to 95%.....	8.721.000.000,—	
		15.652.050.329,63

Loans against securities.....	203.241.930,97	
Customers' acceptances liabilities.....	1.530.708.511,53	
Sundry debtors.....	3.481.563.618,65	

SECURITIES:

a) Legal reserve.....	50.000.000,—	
b) Belgian Government securities.....	1.300.960.291,97	
c) Foreign Government Securities.....	136.623.000,—	
d) Bank shares.....	535.897.971,—	
e) Other securities.....	230.132.036,—	
		2.253.613.298,97

Sundry assets.....	52.596.522,54	
		25.984.686.830,96

FIXED ASSETS:

Bank premises.....	79.700.000,—	
Shares in real-estate subsidiary companies.....	1,—	
Loans to real-estate subsidiary companies...	1,—	
		79.700.002,—

¹ Affiliated Banks.

² Blocked balances originated from the Monetary Reform of October 1944.
43,8275 Belgian francs = \$ 1.—U. S.

26.064.386.832,96



The Franklin Savings Bank of New York handled the first public issue of the new Benjamin Franklin half dollar at a booth on the steps of the old Sub-Treasury building, corner of Wall and Nassau Streets. The booth was manned by bank employees in Continental Army uniforms

beads back and forth on the 11 rods.

Miss HUNT and Mr. JOHNSON doubt that they'll ever forsake their mechanical computing machines, but they have enjoyed the mental exercise the abaci have provided.

"After all," says Mr. JOHNSON, "learning to work an abacus is a lot easier than learning to compute Chinese money—and we've had to do that."

Secretary of the Treasury SNYDER has named PEARCE C. RODEY, an attorney of Albuquerque, as state chairman of the Treasury's Savings Bond

Division for New Mexico. Mr. RODEY succeeds NOLAN P. WALTER, president of the New Mexico State Bank, Albuquerque.

JOHN R. KEENER, formerly assistant vice-president of the Mercantile National Bank of Chicago, has joined the staff of The National City Bank of Evansville, Indiana, as vice-president.

LEROY A. LINCOLN, president of the Metropolitan Life Insurance Company, has been elected to the board of the Chase National Bank, New York. He

succeeds FREDERICK H. ECKER, Metropolitan's chairman, a director of the bank for 31 years prior to his recent resignation. Mr. Ecker will maintain his close affiliation with the Chase by serving on its real estate committee and on the advisory committee of the bank's Metropolitan branch.

WILLIAM F. FERGUSON, who joined the staff of The Bank for Savings, New York, as its first stenographer 41 years ago, has retired. He had been vice-president since 1945. Mr. FERGUSON recalls that back in 1907 he doubled as telephone operator, "but did not sweep out the place." He became treasurer of the bank in 1932 and vice-president in 1945. His hobby is the collection of antiques and mechanical coin banks.

(CONTINUED ON PAGE 108)

Mr. Ferguson



Mr. Lincoln



We are publishing a series of 10 advertisements like this one (1000 lines each) in the Chicago daily papers.

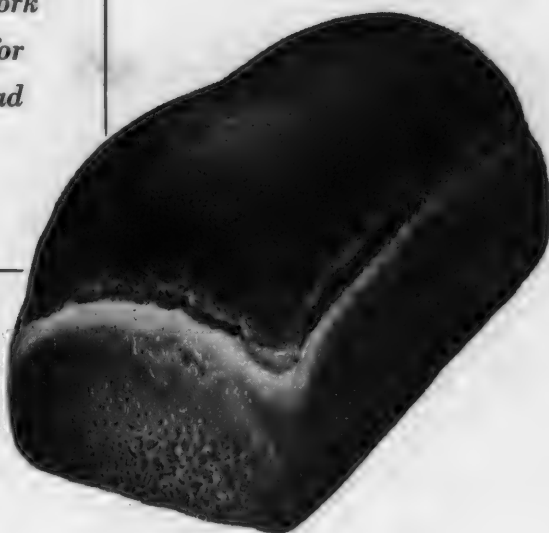
We will gladly provide *free newspaper mats* to any bank —anywhere— that would like to publish them *over its own signature* in the newspapers of its own community.

Full information on request. Address Dept. 11.

The First National Bank of Chicago

Who has to work
the hardest for
his daily bread

?



Quiz #1 that should make you feel mighty proud of yourself

It takes the average American worker just 7 minutes to earn the price of a one-pound loaf of white bread, made of first class flour.

And how long do you suppose it takes the average *Russian* worker to earn enough to buy the same? Check one of these 3 figures:

7 minutes ☐

70 minutes ☐

37 minutes ☐

THE RIGHT ANSWER—whether you know it, guess it, or read it below—should make you feel mighty proud of the way we do things in this country; of how much more *our* economic system does for *us* than any other system does for any other people.

And all the people who work at The First National Bank of Chicago feel just as proud as you do, because the American way of *banking* is one of the many things that help make the American way of *living* the best way in the world!



The First National Bank of Chicago

Building with Chicago since 1863

Dearborn, Monroe and Clark Streets

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

ANSWER:

70 Minutes—The Russian worker has
to work ten times as long for the staff
of life!

Reprints of this series of advertisements are available upon request for
use in factories, offices, schools and other institutions. Address Dept. 11.



Did he forget

TICKETS?
KEYS?
CPL?

HOPE he hasn't forgotten them, especially CPL—Comprehensive Personal Liability—the low-cost policy which for as little as \$10 a year (or \$25 for three years) gives \$10,000 protection to a man and his family if they cause injury to anyone while playing golf, hunting, fishing . . . in fact while pursuing any sport or personal activity.

And whether at home or away, CPL protects against property damage or injury to tradesmen, workmen or others the year 'round!

For only a few cents a day the CPL Policy pays:
(1) Medical expenses up to \$250 per person injured; (2) all costs of legal defense; (3) claims or judgments.

Don't forget CPL. See our agent or your broker today about this popular, inexpensive protection. Then enjoy your vacation with peace of mind.



AMERICAN SURETY GROUP

AMERICAN SURETY COMPANY
NEW YORK CASUALTY COMPANY
SURETY FIRE INSURANCE COMPANY
"Dependable as America"

100 Broadway, New York 5, N. Y.

(CONTINUED FROM PAGE 106)

A. G. CASPER, cashier of the First Wisconsin National Bank, Milwaukee, recently completed 50 years as a member of the bank's staff. He started in a messenger's job, working subsequently as statement clerk, bookkeeper, assistant auditor, auditor and assistant cashier. He was made cashier in 1920, just a year after the First National Bank and the Wisconsin National united under the present name.

The Public National Bank and Trust Company of New York recently celebrated its 40th anniversary.

WILLIAM E. MILDREN has succeeded the late Clarence L. Allender as president of the Commercial Banking and Trust Company of Parkersburg, West Virginia. Mr. MILDREN, formerly executive vice-president, was at one time an assistant examiner for the FDIC in Ohio and Pennsylvania. JAMES R. O'HAIR has been advanced from cashier to vice-president of the bank and BERT HIDER succeeds him in the cashiership.

RALPH W. PLACE, vice-president, and ALBERT O. TAYLOR, investment department manager, of the Metals Bank and Trust Company, Butte, Montana, have retired after 48 and 40 years of service, respectively.

FRED V. VOLLMER, a vice-president of the Anglo California National Bank of San Francisco, has retired after 52 years of service. He was employed in 1896 as a messenger of the California Mortgage and Savings Bank, predecessor of the present Anglo bank. He had been a vice-president for the past 20 years.

HAROLD C. STRAIT has been elected a vice-president of Bankers Trust Company, New York City, and heads the Rockefeller Center office. He succeeds JAMES I. CLARKE, now supervisor of the bank's three uptown offices. Mr. (CONTINUED ON PAGE 110)

. . . Or Just Plain Jim

JAMES R. CURTIS, vice-president of the Rogers National Bank, Jefferson, Texas, has been appointed Honorary Colonel under the laws of Texas. Mr. CURTIS doesn't know what to do about the title. He formerly was city judge of Longview, and he can't decide whether to be Judge, Colonel, Mr., or just plain Jim.



Whipple House

"The Whirr of Spinning Wheels"

LAURENCE YE INDIAN," valued at four pounds, was numbered among Captain John Whipple's worldly possessions in his will drawn in 1683. The numerous household items in his inventory, including "basons, pottingers and silly bub pots," together with his homestead, farm lands, "piggs, cowes and swyne," mark him as unusually wealthy for the period.

The captain was the second of three John Whipples who lived in the old homestead

in Ipswich, Massachusetts, that bears their name. Though the exact date when the earliest section of the house was built has not been determined, the first John Whipple acquired it in 1642. As Deacon and later as Ruling Elder, this eminent Puritan was one of the leaders in church and town government.

Elder Whipple's son, Captain John, was a businessman and soldier. While serving in King Philip's War he gained possession of the Indian mentioned in his inventory. As his son, Major John, had six daughters but no male heir, the house passed to the major's daughter Mary and her husband and was owned by their descendants until 1838.

Now the headquarters of the Ipswich Historical Society, the Whipple house is considered one of the best examples of earliest seventeenth-century colonial architecture in New England.

Faithfully restored to its original period, it recreates in the imagination the daily life of the Puritans. As the Ipswich historian, Rev. Thomas Franklin Waters, has said, "The old pavement in the dooryard rings again with the hoof-beats of Capt. Whipple's horse hurrying to lead his troopers to repel an Indian assault . . . the whirr of spinning wheels, the rumble of the loom overhead, the beat of the

churn, the roar of great winter fires, the hissing of meats on the long spits, the voices of children at play or demurely reciting the catechism, the good wife's chat with neighboring gossips . . . all the history of other days becomes a speaking witness to the simplicity of the old Puritan home life."



Household implements used by the Puritan family.

The Home, through its agents and brokers, is America's leading insurance protector of American Homes and the Homes of American Industry.

☆ **THE HOME** ☆
Insurance Company
NEW YORK

FIRE • AUTOMOBILE • MARINE INSURANCE



Mischievous boys dropped a calf down this chimney.

(CONTINUED FROM PAGE 108)

STRAIT was formerly an assistant vice-president.

CASPER Y. OFFUTT, vice-president and trust officer of The United States National Bank of Omaha, has been elected a director.

JOHN F. KEELEY, new executive vice-president of The South Shore National Bank of Chicago, was formerly vice-president of The Lake Shore National Bank in that city.

W. A. MAYBERRY, executive vice-president, Manufacturers National

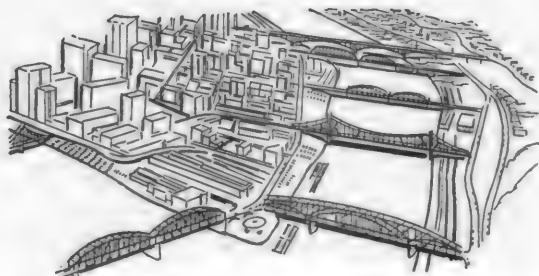


Mr. Strait



Mr. Offutt

Bank of Detroit, now heads the city's Board of Commerce. CHARLES T. FISHER, Jr., president, National Bank of Detroit, is a vice-president of the board.



When you think of Pittsburgh, Think of Peoples First

Pittsburgh—center of heavy industry—is now attracting a healthy diversification of lighter manufacturing and new commercial enterprises. In serving this area with fourteen completely staffed banks, Peoples First National has an intimate knowledge of rapidly changing local conditions and is in excellent position to co-operate with correspondents. Your inquiries will be welcomed.

PEOPLES FIRST NATIONAL BANK & TRUST COMPANY

Pittsburgh 30, Pa.



MEMBER F. D. I. C.

Elections

City National Bank and Trust Company, Kansas City, Mo.: HOYT PURCELL, trust officer.

First National Bank and Trust Company, Fargo, North Dakota: WILLIAM F. GROVES, vice-president and director.

Second National Bank, Houston: C. CABANNE SMITH, vice-president.

First National Bank, Upland, California: ALLAN S. BARR, president; CLYDE D. DUVALL, cashier.

The Security Bank, Corinth, Mississippi: R. C. LIDDON, president; LIDDON MCPETERS, vice-president and cashier.

Syracuse (New York) Trust Company: JOHN A. SHEEDY, executive vice-president; RANSOM G. MACKENZIE, vice-president and trust officer; WILLIAM P. FREEMAN, trust officer.

Trust Company of Georgia, Atlanta: ALFRED D. BOYLSTON, JR., vice-president in charge of trust department.

First National Bank in St. Louis: RAY J. MILLER, vice-president

Manufacturers Trust Company, New York: CHARLES F. MCNAMEE, CARL J. HEILES, vice-presidents.

Merchants National Bank & Trust Company, Syracuse, New York: ROY H. STOKES, vice-president.

Fort Worth National Bank: J. A. OLSON, vice-president.

National Bank of Commerce, Houston: CHARLES W. HAMILTON, vice-president and trust officer.

First National Bank, Birmingham, Ala.: J. H. BURNUM, vice-president and comptroller.

Plainfield (N. J.) Trust Company: H. DOUGLAS DAVIS, executive vice-president; C. NORTHROP POND, vice-president.

Pacific National Bank, Seattle: PAUL W. KITTO, JOHN F. HENRY, HARRY J. MARKEY, vice-presidents.

City National Bank & Trust Company, Kansas City, Mo.: GEORGE C. KOPP, executive vice-president; JAMES R. GAYLER, vice-president.

Hamilton National Bank, Washington, D. C.: AUBREY O. DOOLEY, WARREN NUSSBAUM, trust officers.

American National Bank, Nashville: G. FRANK COLE, JR., vice-president and trust officer.

United States National Bank, Denver: NEIL F. ROBERTS, FRANCIS M. PETERSEN, GEORGE A. GRIBBLE, vice-presidents.

Harris Trust and Savings Bank, Chicago: RUFUS R. FERRIS, vice-president.

First National Bank, Dallas: H. S. ALDRIDGE, vice-president.

Central Bank, Oakland, Cal.: HOWARD S. WILLIAMS, vice-president.

Plus Values



American Express Travelers Cheques Offer You

Only American Express Travelers Cheques offer so many *plus values* that cement your patrons' good will to your bank.

- 1** Your customers can use their American Express Travelers Cheques just about anywhere in the world, wherever ships sail, planes fly or America can travel.
- 2** An educational campaign among hotels, transportation companies, filling stations, restaurants, gift shops, department stores, etc., emphasizes that American Express Travelers Cheques can be accepted without fear of loss.
- 3** Your customers do not have to cash American Express Travelers Cheques before using them — they can spend them just like cash.
- 4** If American Express Travelers Cheques are lost or stolen your customers get their refund promptly—in foreign countries as well as in the United States.
- 5** An American Express Travelers Cheque is a "membership card" in the foremost travel organization, with offices and correspondents throughout the world, where travelers find the many financial and travel services they need.



American Express Travelers Cheques uphold your bank's reputation for the best possible service.



Sell Your Customers
AMERICAN EXPRESS
Travelers Cheques
most widely known—most readily accepted



Bank booth at the Philadelphia Home Show

A Bank Goes to Market

THE 200,000 persons who visited Philadelphia's Home Show this Spring had an opportunity to learn more about banks and the services they offer.

CORN EXCHANGE NATIONAL BANK AND TRUST COMPANY, utilizing a 40-foot display section, merchandized personal loans, special checking accounts, savings accounts and other facilities. As a background for the display the bank used a banner bearing its trademark, an ear of corn. Attractive posters in illuminated frames helped draw people to the exhibit which was staffed by several men and women from the bank's own personnel. Folders and advertising material were available to visitors.

All visitors to the booth were invited to guess the number of kernels on an ear of corn displayed in a fish bowl. This proved to be an excellent stopper, and 8,377 persons wrote their names, addresses and telephone numbers on the entry blanks. Fifteen persons correctly guessed 479 kernels, and each winner received a \$5 savings account. Every entry was later acknowledged with a letter thanking the participant for his interest and telling him the correct answer.

"In the gay, informal atmosphere of the show," says the bank, "many new friends were made and old friendships cemented. Banks have something worth while to sell. Why not go to market and sell it?"

Bank Aids Industrial Development

On the theory that as Oklahoma grows industrially, so grows the bank, the FIRST NATIONAL BANK AND TRUST COMPANY of Oklahoma City has set up a full-time program to aid in the expansion of established industry in the state and to encourage new enterprises to move there.

"We believe," says President C. A. Vose in commenting on the bank's new industrial development department, "that if new business comes to Oklahoma we will get our share."

The department, headed by Oscar Monrad, recently appointed vice-president and widely known in industrial engineering, makes its services available to all business firms. It maintains files on business trends, market conditions, retail buying, available warehouse space, labor supply and power and fuel costs, and has a property appraisal service which it makes available to prospective purchasers of sites and plants in Oklahoma.

Personal contacts are maintained with transportation agencies, utilities and public officials. The program also includes advertising, direct mail folders and personal calls on prospects in and out of the state.

Mr. Monrad, who early this Spring made a "doorbell ringing" tour covering 100 industrial firms in St. Louis, Pittsburgh, Washington, Philadelphia, Kansas City and Columbus, works closely with the Oklahoma City Cham-

ber of Commerce and the Oklahoma Planning and Resources Board in solving the problems of new industrial prospects.

"When a prospect comes to the state," he says, "I stay with him until all of his requirements are met. I assist him in making contacts with realtors, railroads, public utilities, architects, building contractors, building supply companies, public officials and anyone else he might want to see."

Vice-president Monrad formerly managed the industrial division of the Oklahoma Chamber of Commerce. Before coming to the state he was industrial engineer and executive vice-president of the New Haven, Connecticut, Chamber of Commerce. He was sales manager of the Oklahoma Industrial Tour of eastern cities last year and is now industrial consultant to Governor Roy J. Turner as a member of the Planning and Resources Board and the Oklahoma Industrial Mobilization Committee. He was also active in the organization of Industrial Foundations to promote industrial growth through financing plant sites and buildings in a score of Oklahoma cities.

President Vose says the bank's new service is proving very successful.

"As Oklahoma and the Southwest continue to expand industrially, we expect the department to play an increasingly important role in the development of this area. For the first time out-of-state business firms interested in moving into this territory can get all desired information at one source.

"The department's program is flexible and varies according to individual needs of business firms. We say, in effect, 'we're at your service. What can we do for you?'"

The bank believes that the service is not only paying off in new business and

(CONTINUED ON PAGE 114)

Oscar Monrad





Your accounting procedures are simple, too . . .

... when Remington Rand bookkeeping machines produce your accounting records. Completely electrified and simple to operate, these famous machines prepare two, three or more related forms simultaneously.

Balances are computed *and printed* automatically . . . tabulation and computations in both accumulation and balance registers are instantaneous and automatic. And the standard keyboard has only one set of numeral keys—assures the extra simplicity and speed of touch-method operation.

See for yourself how this standard of bookkeeping efficiency handles in rapid succession every accounting application in your organization. Write to Dept. BA-6, 315 Fourth Ave., New York 10, N. Y. Or better still, call your local Remington Rand Representative today.

accounts receivable...

Bobby and Jack spend little time collecting for goods and services. It can be as simple for you... cash receipts journal, customer ledger account and customer statement are completed in one rapid operation on the Remington Rand bookkeeping machine!



payrolls...

Jimmy sets aside enough to cover overhead, splits the remainder three ways. Paying your employees can be equally simple . . . payroll journal, employee's statement of earnings and deductions, payroll check and employee earnings record are produced at one time—and the Remington Rand "285" computes and prints net pay automatically!



accounts payable...

Tommy hands over a few coins to complete the purchases for his enterprise... they're all on a cash basis! Your accounts receivable can be just as efficient. On the Remington Rand "285," purchase journal, accounts payable ledger and remittance advice are prepared simultaneously!



the *Remington Rand* bookkeeping machine

(CONTINUED FROM PAGE 112)

goodwill for itself, but in the general industrial development of the state. Mr. Monrad is frequently called to smaller Oklahoma cities to advise in working out problems involving expansion of established businesses or the introduction of new ones.

"Where Does the Money Go?"

To the millions of Americans now playing the difficult game of "Making Ends Meet" numerous banks are offering friendly assistance in the form of free budget guides and advice on family income-stretching. The public's receptiveness to financial counsel is well illus-

trated by the recent experience of the UNION DIME SAVINGS BANK of New York City.

This bank ran a small one-time ad in eight New York newspapers. Featuring a drawing of a small child, the advertisement had this headline: "Get the story of this budget baby." The copy continued: "It is the fascinating story of how to get what you want—a baby or a Bermuda vacation—on the income you have. We will send it to you free—reprinted from Priscilla Jaquith's revealing article on the possibilities of modern family budgeting, published in the April issue of *Today's Woman*."

"We'll send you, too, an expense

record form so you'll know exactly where your money goes. All you have to do is write or mail the coupon."

The ad had brought nearly 1,000 requests for the free material before the month was out. With the Jaquith reprint and its own budget sheets the Union Dime sent each inquirer a bank-by-mail folder and a note, signed by Assistant Secretary Mabel F. Thompson, in charge of the service department.

"Perhaps this story and the accompanying expense record," said the note, "will help you make your money go further. With planned spending it's easier to save for the things you want. If you'd like to talk things over with someone who is not too close to the problem, our Service Department is always ready to help you."

The expense record, "Where Does the Money Go?," which the bank has been using as savings promotion material for some time, is a two-page spread with ruled headings for listing income and expenditures. Provision is made for income tax, Social Security and Savings Bond deductions, so that the budget keeper can start on the basis of his take-home pay. "Must payments" have priority. They include savings and fixed expenses, and it is suggested that a definite amount be set aside monthly in a savings account as a cash reserve and emergency fund. An estimate of fixed expenses (income tax, life insurance premiums, payments and taxes on home, etc.) for the year is also advised, and it is recommended that one-twelfth of the total be deposited each month in a special savings account for use during the year.

The UNION DIME made no immediate follow-up of the returned coupons, other than to mail the material, but it believes that after people have used the expense record for a couple of months they'll start thinking and acting along the line of cash reserves, emergency funds and special savings accounts. How much new business comes in remains to be seen, of course. But the bank feels that, regardless of benefits to itself, the ad and the mailing had a public service value.

The NATIONAL BANK OF COMMERCE, Norfolk, Virginia, has a budgeting aid, too. This one is designed to encourage regular saving as a means of fighting inflation.

The newspaper ad offering the booklet "Budget Your Money" said:

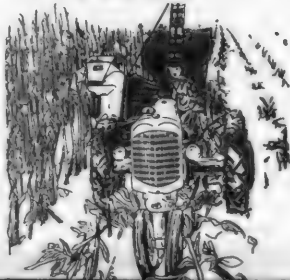
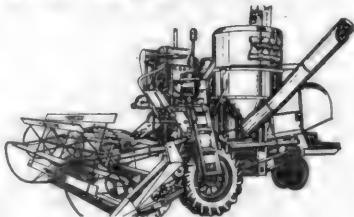
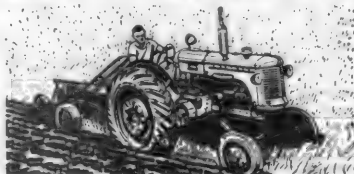
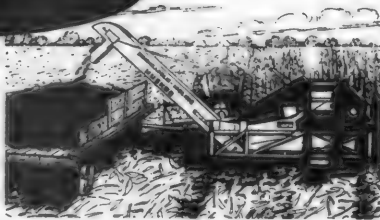
"Wise spending and careful budgeting can do a lot toward holding the line against inflation. Keep account of your (CONTINUED ON PAGE 116)

TEAMWORK Couple Up To PROFIT!



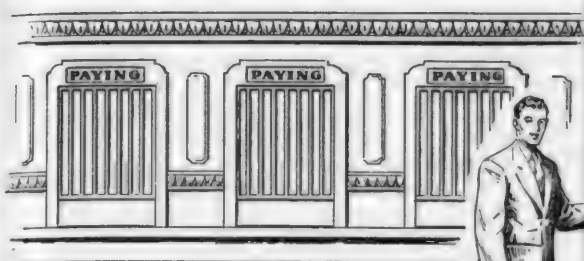
Preparation of the seed bed; cultivation of the growing crop, picking and husking, shelling, feed grinding—all require rugged, dependable MM MODERN MACHINERY and TRACTORS built to do the job *exactly right!* MM Hi-Klearance tractor-moldboard, Wheatland Disk, and TRA Disc plows lead the parade of rugged, light-draft, good-scouring plows. And precision cultivation is simple with efficient MM "Quick-On—Quick-Off" Tools. Drudgery is eliminated from corn picking and husking with the new 1-Row or 2-Row MM HUSKERS. Longer picking rolls and more husking rolls give a *cleaner, quicker* handling of heavier yields. For smooth, large-capacity shelling you can't beat the light-running MM SHELLERS. Gentle rubbing action rolls off kernels *without cracking corn and without cracking cobs to bits.*

There's TEAMWORK in MM TRACTORS and MM MODERN MACHINES . . . the teamwork of long-life *economy and dependability* . . . teamwork that spells extra profits for aggressive farmers. See your Friendly MM Dealer today!



MINNEAPOLIS-MOLINE POWER IMPLEMENT COMPANY
MINNEAPOLIS 1, MINNESOTA

Transo One-Piece Window Envelopes save important money wherever they are used!



Transo

REGISTERED TRADE MARK U.S. PATENT OFFICE

SAVINGS

Here's the window for savings -

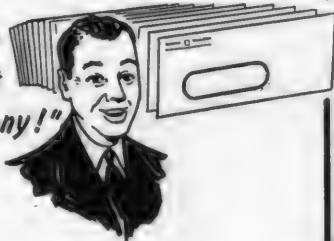
because

Transo One-Piece Window Envelopes eliminate costly **Double-Addressing!**

Transo One-Piece Window Envelopes completely eliminate the waste motion—waste overhead—of Double-Addressing letters and envelopes . . . for the letter address IS the envelope address, clearly visible through the transparent Transo window.

Designed for mailing correspondence, statements, checks and all other business forms, Transo One-Piece Window Envelopes effect such remarkable savings that users often say—

"Our Transo window envelopes don't cost us a penny!"



Transo One-Piece Window Envelopes offer important cost and convenience advantages over other window-type envelopes, for with Transo there are—

- ✓ No loose edges to snag inserts and boost stuffing costs
- ✓ No separate windows to come unglued
- ✓ No weak point to burst or puncture

**10-second Transo Quiz for Businessmen
Huge Prizes in Lower Office Costs!**

FILL IN

Hundreds of envelopes addressed in your offices

MULTIPLY BY

Average hourly wage of your stenographers

EQUALS

Money you lose through costly Double-Addressing!

A top-notch typist can address 100 envelopes an hour . . . but even if she could do 1,000 an hour, she'd still be losing money—for Double-Addressing letters and envelopes is nothing but waste motion! Transo One-Piece Window Envelopes eliminate costly Double-Addressing.

For important savings in your own operation, and the valuable cost-cutting advice you can offer your clients, you owe it to yourself to hear the complete story of slashing costs with Transo One-Piece Window Envelopes. Today, write for Transo's FREE booklet, "Right This Way . . . For Savings."

FREE



THE ORIGINAL ONE-PIECE WINDOW ENVELOPE
TRANSO ENVELOPE COMPANY
3556 NORTH KIMBALL AVE., CHICAGO, ILL.

OFFICES FROM COAST TO COAST

ENVELOPES FOR EVERY PURPOSE SINCE 1904

(CONTINUED FROM PAGE 114)

expenditures day by day and week by week—*save* all you possibly can and thus help curb dangerous price spirals in our economy by reducing 'buying pressure.'

"Simply and clearly this new booklet helps you account for every penny you spend . . . shows you where you can save money . . . enables you to set up a practical spending-and-saving budget for all the family."

Public response to the offer has been good, Vice-president Osmond T. Jamerson reports, and a number of new saving accounts have resulted.

The BANK OF VIRGINIA, Richmond,

in a recent mailing, offered "an opportunity for you to join with your fellow-citizens in a concerted effort to combat inflation."

"There are two things that you can do," said the letter: "Spend your money carefully (buy only necessities) and put the balance of your income in a savings account which you add to regularly."

"You will find a checking account most convenient, and a valuable factor in controlling your expenses, for it enables you to keep an accurate record of all expenses and income. It lets you know whether you are getting ahead or standing still."

"If you buy only necessities and put

the balance of your income in a savings account, supply will soon catch up with demand and prices will come down to the level you can afford to pay. Then, what is more important to you, you will have money in the bank to buy many of the things you want."

One Bank's Family

The most recent manual for new employees to come to our attention is issued by THE CENTRAL TRUST COMPANY of Cincinnati.

Its title is "Welcome to Central." The text, written with as light a hand as possible and decorated with small cartoons, takes the newcomer on an informal trip around the bank and its branches, introducing him to such things as hours of work, lunch periods, time sheets, supper money, job evaluation, the salary increase program, promotions, and benefits available to employees.

There's also some chatty, instructive comment on Central's "family customs," the confidential relationship between the bank and its customers, bank records, waste, rules that everyone must observe, and the place of teamwork in the operation of a bank.

"There are no unimportant jobs in a bank," says the manual. "They may seem so, but they are not. Much of our work is routine, we'll admit. But all routine in banking is important because, in one way or another, it has to do with providing a variety of financial services for our customers."

"As you begin your training period, please bear in mind the fact that if we seem 'fussy' about details it's because we know, from long experience, that careful attention to details is a necessary part of this business of banking."

"To a considerable degree, your job

..... on the pulse

For more than 112 years of "Outstanding Strength," the Shawmut has kept its finger on the pulse of New England business. No matter how difficult or unusual your banking problems in this area may be, you can rely on this bank for prompt, effective action.

The National Shawmut Bank

40 Water Street, Boston

Member Federal Deposit Insurance Corporation

CAPITAL \$10,000,000

SURPLUS \$20,000,000



THE RIGHT IMPRESSION

The Payment Coupon Book you issue your Time Sales customer becomes his personal record.

It should not only be arranged to facilitate the handling of payments but it should also enhance the customer's impression of your bank by its smart modern appearance.

Allison renders a designing and copy service, which is available to all users of Special Printed Payment Books, without cost.



For Complete Information and Samples Write to Head Offices at Indianapolis 6, Indiana

Cover of the employee manual



and your place in the bank family will be what you make it. The 'making' process is, more than anything else, getting along with other people."

John O. Chappell, Jr., assistant secretary of the CENTRAL, who sent BANKING a copy of the manual, reports that it was printed with the bank's own equipment.

"Banking for the People"

During a three-month period this year, 834 pupils of the Franklin Square, New York, schools visited the FRANKLIN SQUARE NATIONAL BANK to observe banking operations at first hand and to study the bank's relations with the community.

In groups of 25 to 30 youngsters of the fifth, sixth, seventh and eighth grades made the trip to the bank, and later 100 of them wrote papers on the subject "Banking for the People." Awards were made for the three best papers in each of the four grades.

The prizes were presented at a general assembly by Cecil F. Spender, supervising principal of the schools, and Arthur T. Roth, the bank's president. In a talk to the children Mr. Roth emphasized the merits of America's economic structure.

Thumbprinting Checks

A suggestion that banks or merchants cashing checks for strangers require cashers to place a thumbprint alongside the signature has been offered by Robert E. Pye, secretary of the Minnesota Bankers Association, and Elmer O. Stovern, superintendent of the Minnesota Bureau of Criminal Apprehension.

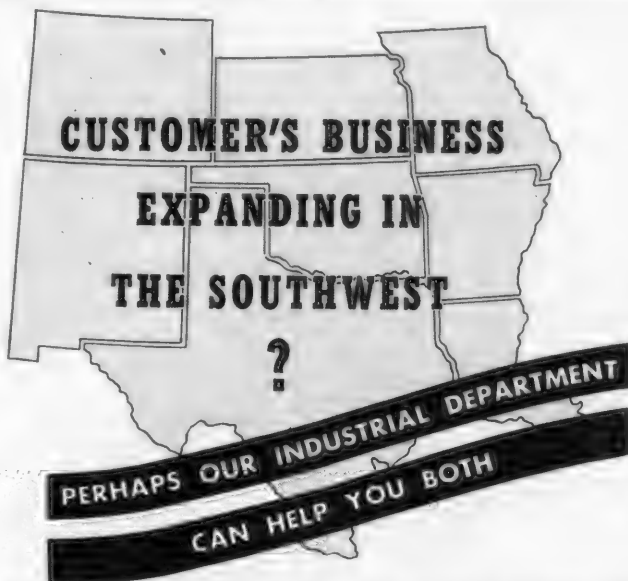
"Because practically all 'professional' check forgers have criminal records, their fingerprints are registered with the FBI and it is a cinch that none of these would risk apprehension if required to come through with his thumbprint," says *Commercial West* in commenting on the proposal.

"There is no hocus-pocus about obtaining the thumbprints. Bankers do not have to be able to read them, simply have the unknown check passers put them on the checks. The very fact that the fingerprinting is demanded would head off practically all the bad check boys."

Public Education

To help the public understand the services of commercial banks, MELLON NATIONAL BANK AND TRUST COMPANY of Pittsburgh has been running a series of advertisements that explain bank-

Essay winners receive their awards from Arthur T. Roth, president of the Franklin Square National Bank. At the left is Supervising Principal C. F. Spender



Perhaps the sales department needs more complete market data . . . or a Southwest warehouse stock is to be maintained and floor space needed . . . or a confidential report is desired on a branch plant site . . . these and a multitude of other helpful business services are now available to you from the First National of Oklahoma City.

Personal contacts with public officials, transportation agencies and utilities are also provided by our newly-established Industrial Department.

Let us know how we can be of assistance. No obligation, of course.



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

UNION PLANTERS NATIONAL

BANK & TRUST CO.

SINCE 1869 MEMPHIS, TENNESSEE

CONDENSED STATEMENT

AT THE CLOSE OF BUSINESS APRIL 12, 1948

RESOURCES

Cash and Due from Banks	\$ 60,759,304.67
U.S. Government Securities	68,949,558.97
Securities of Instrumentalities of the United States Government	2,629,434.64
State and Municipal Securities	11,759,724.54
Stock in Federal Reserve Bank	300,000.00
Other Securities	1,761,614.46
Loans and Discounts	88,963,097.73
Banking Houses and Fixtures (Main Office and Branches)	1,824,061.95
Other Real Estate	2.00
Customers' Liability a/c Letters of Credit and Acceptances	692,723.24
Accrued Interest Receivable	402,036.93

Other Assets	144,674.69
TOTAL	\$238,186,233.82

LIABILITIES

Capital Stock	\$4,000,000.00
Surplus	6,000,000.00
Undivided Profits	3,761,118.75
Reserve for Dividend, Payable June 30, 1948	148,000.00
Reserve for Interest, Taxes and Expenses	551,782.82
Interest Collected but not Earned	497,398.68
Letters of Credit and Acceptances	692,723.24
Deposits	222,535,210.33
TOTAL	\$238,186,233.82

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

ing's place in business and industry.

One ad asked "Ever See an Industrial Hothouse?" and then went on to show, in a series of drawings, how "ideas + research + funds = new products." Another, featuring a line of people moving up an escalator, demonstrated that the prosperity goal "can be reached only by moving *together* . . . by means of the 'escalator' of production." Banks, said the copy, "help businesses to produce efficiently by loaning them some of the funds necessary for improved methods of production or for expansion. By assembling the deposits of thousands of individuals and using these funds for loans, banks assist in community progress and prosperity."

Northerners Honored

"The Northerners," sponsored by THE NORTHERN TRUST COMPANY, Chicago, has received a special citation for its contribution to the encouragement of good music during the past 17 years. It is Chicago radio's oldest continuously sponsored program.

The award, given in connection with Illinois Music Week, was presented by Mrs. Alma K. Anderson, president of the Illinois Federation of Music Clubs. Accepted on behalf of the bank and cast by Solomon A. Smith, president of the Northern, the award says: "For 17 consecutive years this program has been consistently excellent and has brought pleasure to radio listeners throughout Illinois and the Middle West."

Riverside 6651

When Reginald G. Hayes of Dallas dialed that number to get the correct time from the automatic service provided by the REPUBLIC NATIONAL BANK, he not only learned that it was 3:04 P.M., but that the bank wanted to congratulate him on making the 100 mil-
(CONTINUED ON PAGE 120)

President Fred F. Florence of the Republic National Bank, Dallas, presents a \$100 Savings Bond to R. G. Hayes as Board Chairman Karl Hoblitzelle watches



BANKING

STEADY GROWTH



... growth that measures the steadily increasing recognition of the need for insurance on Consumer Credit . . . and the superior type of coverage and service Old Republic provides.

Old Republic offers a complete line of group and optional insurance on Consumer Credit, written on either a monthly-decreasing or level-term basis. Write for complete information on rates, commissions and coverage.

OLD REPUBLIC

CREDIT LIFE INSURANCE COMPANY

James H. Jarrell, President

Chicago

Providing a complete service of Life and Accident & Health protection on Consumer Credit

Radically New!

... a standard in its field



This beautiful, streamlined adding-listing machine combines finger-ease key-tops with Velvet Touch. All operating controls scientifically grouped to give time and effort saving one-hand control. Complete visibility. Locked key accuracy. For added convenience front feed carriage takes forms up to 4¾" wide. Model 410-11-011

MONROE

MACHINES FOR BUSINESS

ADDING MACHINES

CALCULATING MACHINES

ACCOUNTING MACHINES

See this brilliant Monroe star in action . . .

let its own peerless performance and operating ease give you a close-up of the unique advantages it offers . . . and you'll agree with those who say it is outstanding in its field.

Who but Monroe, creators of the famed "Velvet Touch", could produce a machine so smooth in action, so painstakingly designed for utmost utility? In simplicity, speed and quietness, it sets exceptional performance standards. It's an operator's dream come true!

See this latest addition to the complete Monroe line of Listing Machines, Calculators and Bookkeeping Machines. Look up the nearest Monroe-owned branch in your telephone directory or write: Monroe Calculating Machine Co., Inc., Orange, N. J.

(CONTINUED FROM PAGE 118)

lionth call to ask Republic the time of day. Later Mr. Hayes visited the bank and President Fred F. Florence handed him a \$100 U. S. Savings Bond.

Dallas people have been getting the time from Republic since March 1940 when the telephone device was installed. Calls currently number about 43,000 daily.

Trust Company Host to Lawyers

Members of the Louisville Bar Association were guests of the KENTUCKY TRUST COMPANY, affiliated with the First National Bank of Louisville, at a

recent meeting for the discussion of the new estate and gifts provisions of the Revenue Act of 1948.

Kentucky is a common law state, so the community property principle of the law is new to Kentucky attorneys. Henry Y. Offutt, president of the trust company, got Charles T. Akre, a Washington, D. C., attorney, to explain these provisions of the statute. Approximately one-third of Louisville's active attorneys attended the meeting.

Estates Forum

The AMERICAN TRUST COMPANY of Charlotte, North Carolina, recently

held a series of four forums as a public service for persons interested in the handling of estates.

Spaced a week apart, the meetings were addressed by experts on subjects related to the central theme of the series.

Each forum included a question and answer period.

Centennial Celebration

The EAST RIVER SAVINGS BANK of New York City celebrated its centennial this Spring by arranging a main office exhibit that contrasted the banking methods of 1848 with those of 1948.

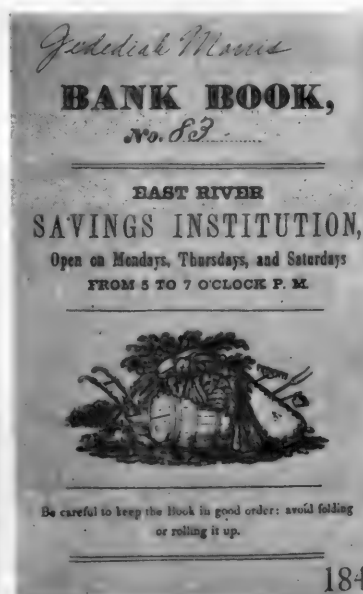
A teller, in costume, demonstrated banking in the quill pen era, and depositors who appeared at his window were told, just as in the early days of savings banking: "Wait your turn," or "You'll have to stand in line until we get through with this bookkeeping," or "Sorry, no more service now." An "Out to Lunch" sign covered the window when the teller left for his midday meal.

In a parallel 1948 exhibit, a pretty girl with the "new look" presided at a streamlined accounting machine and, in the best 20th Century public relations manner, handled all transactions with lightning speed.

The old exhibit also had a turntable signature book in the style of 1848 whereon depositors could see the names of those above.

Each visitor received a souvenir booklet reproducing a passbook of a century ago and contrasting it with the present system (see picture below).

Cover of East River Savings Bank's souvenir booklet



*A company
proud to be known
by its AGENTS*



**Dependable
Insurance
Since 1863**

For over 85 years Fireman's Fund has been ably represented by the Hometown Agent, guardian of material well-being in every community in the land. Today over 11,000 of them are franchised to write insurance in the companies of the Fireman's Fund Group.

Fireman's Fund is proud to be known by these local business men who represent them—proud of the part they play in community affairs... proud of the time-proven "Enterprise System" they have come to symbolize. When you need protection for what you own, consult your Hometown Agent... he sells the "right to feel secure."



SAN FRANCISCO • NEW YORK • CHICAGO • BOSTON • ATLANTA • LOS ANGELES

At the bank's Rockefeller Centre office mementoes of former trustees reminded visitors of famous men who have served on the board, and at each office depositors signed a signature book imitating the 1848 volume. The forms were dated "1948-2048—Your signature today is our history tomorrow." These have been placed in the bank's archives for use in the 200th anniversary celebration.

Hat, Coat—and Savings

FRANKLIN SAVINGS INSTITUTION of Newark, New Jersey, gives a new twist to savings promotion. It's a cloth identification card for hats and coats. Slipped into the sweat band of the hat or fastened to the pocket lining of the coat, it reminds the other fellow that this piece of wearing apparel belongs to someone else. It also carries the suggestion that savings can be protected, too—by depositing them in the bank.

The same bank has also been urging the public to "Bank your saving in federal income taxes." It suggests that people use this extra money to build up savings and provide for future needs and emergencies.

How Long Will It Burn?

The BUTLER (Pennsylvania) SAVINGS AND TRUST COMPANY is celebrating its 80th birthday in a novel and attention-getting manner.

On a huge birthday cake in the lobby stands a lighted candle, four feet high, nine inches in diameter at the base and four inches thick at the top. The bank has offered prizes for those who can come closest to guessing the number of days, hours and minutes the candle will burn.

The candle was lighted May 1 by President Judge William B. Purvis of the Butler County courts, who was president of the bank from 1922 to 1941. Entry blanks for the contest were made

This is the label that's fastened to hat or overcoat to remind the other fellow that the garment isn't his—and that savings can be protected, too

THIS IS _____ **HAT**
_____ **'s COAT**
Home Address _____ Tel. _____
Bus. Address _____ Tel. _____

He protects his possessions in this way, just as we suggest that you protect your savings by depositing regularly in an insured account at the

FRANKLIN SAVINGS INSTITUTION

770 Broad Street (near Market), Newark 2, N. J.

Member Federal Deposit Insurance Corporation

available in the lobby, and in less than a week thousands of people had ventured guesses. Savings accounts of \$100, \$75 and \$50 were offered as the first three prizes, with 10 additional \$25 account awards.

"We had anticipated," said Executive Vice-president J. B. Grieves, "that we would create public interest and attention to our 80th anniversary year through this medium and that the continuous burning of the candle would retain the public interest. We did not anticipate, however, that it would electrify our entire community and be the talk of the city in stores, in club meetings, and on the streets, to the extent that it has. Many return trips are being made to see how far the candle has burned and people are comparing notes with each other.

"Believe it or not, but a funeral procession drove up beside the bank today and one of the drivers, while waiting for the remaining cars to be filled, hurried into the bank, filed his guess, and returned to the car."

The Story of a Bank

"New look" bank reports for 1947 are still drifting in. One of the more recent newcomers is the pamphlet

issued by THE CITIZENS & SOUTHERN NATIONAL BANK of Atlanta and other Georgia cities, which, on slick paper and in two colors, tells the story of the bank's year. This is C. & S.'s first venture with a report designed as a medium for improving stockholder, public, customer and employee relations.

President Mills B. Lane, Jr., sounds the keynote in this introductory paragraph:

"The story of a bank is told in three ways. The statement of condition pictures liabilities and assets, showing on the one side the dollars of depositors and those of stockholders and, on the other, the manner in which both are held as cash, loans and investments. The statement of income and expenses tells the story of operation—the bank's capacity to earn money. But behind these is the story of the bank's philosophy and its human characteristics which bring figures to life, which reveal the part the bank plays in the lives of people to make it truly an institution of public service and usefulness."

The statistics are presented in comparative form, with illustrations and with comments and interpretations; but the report emphasizes the intangibles—the bank's place in and service to society, and its "great responsibility of custodianship." There are numerous pictures and charts.

News About Banks

THE RUTHERFORD (New Jersey) TRUST COMPANY recently held an open house and tea for its stockholders who were taken on a tour of the bank. The sight-seeing included an inspection of the new drive-in banking facilities.

FIRST NATIONAL BANK AND TRUST COMPANY of Asheville, North Carolina, now provides free parking facilities for customers.

These Butler people are making their guesses as to how long the giant candle in the bank lobby will burn



New Books

Books About Taxes

MONTGOMERY'S FEDERAL TAXES: CORPORATIONS AND PARTNERSHIPS. By *Robert H. Montgomery, Conrad B. Taylor, Mark E. Richardson.* Ronald Press, New York. 2 vols. \$20. Mr. Montgomery again calls for simplification of tax laws. Clarification of unnecessary details in certain sections, he points out, will reduce expensive litigation.

"It is admitted," asserts this expert, "that the present law is not understandable to taxpayers. Why not test the new law by throwing out or re-writing new sections until they are passed on by the users of the law?"

These thick volumes offer an analysis and, where called for, an interpretation of the Internal Revenue Code's provisions covering the income taxation of corporations generally and the determination and distribution of partnership income.

Volume I covers gross income and deductions, 1947-48, and Volume II taxes, returns and administration for the same period. A number of major changes have been made, from previous editions, in chapter content and arrangement. Code provisions, regulations and decisions relating to real estate foreclosures and voluntary transfers have, for example, been correlated in one place.

TAX SYSTEMS. Commerce Clearing House, Inc., Chicago and New York. 390 pp. \$15. Here is the 11th edition of a book which, in large-scale charts and tables, gives tax facts for the United States, each state, and 34 foreign countries. The information is arranged by political units and also by types of taxes. Data are as of January 1, 1948.

In the state tables the income tax brackets and exemptions have been covered more fully than in previous editions; also the percentage of yield of the three principal taxes in the United States and some foreign countries is an added feature. The book is divided into four main sections: the domestic tax charts, comparative tables of the 48 states, tax collections in the United States, and foreign tax charts.

TROUBLE SPOTS IN TAXATION. By *Harold M. Groves.* Princeton University Press, Princeton, New Jersey. 105 pp. \$2. Published for the University of Cincinnati, this book is the first of a

projected series of public lectures. The present volume comprises essays in the philosophy of taxation and other public finance problems.

THE IMPACT OF THE UNDISTRIBUTED PROFITS TAX, 1936-1937. By *George E. Lent.* Columbia University Press, New York. 199 pp. \$2.50. Professor Lent, on the University of North Carolina economics faculty, examines the two-year span of this tax. He doesn't think it will be re-enacted, but believes "a study of its effects (and defects) should provide a more informed and enlightened approach to the integration of our present unsatisfactory dual income tax system."

Debt and Savings

OUR NATIONAL DEBT AND OUR SAVINGS. Committee on Public Debt Policy, New York. 20 pp. 25 cents. This pamphlet, fifth in the committee's national debt series, finds that government fiscal and monetary policies growing out of the depression and the war have tended to discourage savings. It recommends three remedies: Fiscal and monetary policies that will check the inflationary expansion of the money supply; a revision of the federal tax system to encourage savings and investment; and the unfreezing of the rigid wartime interest rate.

The committee approves recent steps taken by federal authorities to thaw interest rates, asserting that the action will provide greater freedom for fighting inflation. The tax system, it says, bears

"Me? The what—oh, goodness, I thought it was my hat"



very heavily upon the savings process.

The study was prepared by Dr. James J. O'Leary, the committee's director of research; Mrs. Eleanor S. Bagley, research associate of the Mutual Life Insurance Company of New York; and Dr. Stephen M. Foster, economic adviser, New York Life Insurance Company.

First Aids for Speakers

EFFECTIVE TALKING IN CONFERENCE. By *John Mantle Clapp.* Ronald Press, New York. 138 pp. \$2.50. This book is for the person who is called upon to preside or speak at informal conferences and small meetings. The author offers a number of "first aid" principles for those who find it difficult to express themselves "on their feet" and even in conversation. He gives key suggestions developed at a speakers' clinic for New York business and professional men and tells how a similar clinic can be set up.

After outlining the first aid principles Mr. Mantle supplements them with tested exercises and suggestions for "developing readier command of the mechanisms of presentation—appearance, voice and language."

Credit Laws

CREDIT MANUAL OF COMMERCIAL LAWS. National Association of Credit Men, New York. 780 pp. \$10. The 1948 edition of this reference book covers laws affecting trade which were passed or revised by the 46 state legislatures that met last year. The manual is arranged to cover the legal steps involved in a business transaction from the placement of the order until the account is collected.

Steps for protecting the creditor's interests in the event of bankruptcy are also set forth.

Other Books

THE NICKEL PLATE ROAD. By *Taylor Hampton.* World Publishing Company, Cleveland. 355 pp. \$3.75. The history of the New York, Chicago and St. Louis.

CORPORATE FINANCIAL POLICY. By *Harry G. Gulthmann and Herbert E. Dougall.* Prentice-Hall, Inc., New York. 698 pp. \$6. The second edition of a text emphasizing the management viewpoint.



BREAD

for the world

GRAIN is the basis of our food supply. We eat it as bread and breakfast cereal . . . we eat it as meat, eggs and milk, after farm production processes have converted it into essentials for the table. Grain is a vital factor in the world economy. Without it there could be no bread for the world.

The efficient, *mechanized* harvesting of grain has always been of primary concern to International Harvester. Cyrus Hall McCormick pioneered the way with the invention of the reaper in 1831 and with the establishment of his first reaper factory in Chicago in 1847. Today there is a full line of modern, one-man-operated combines bearing the McCormick-

Deering name. Harvesting has become a "once over and it's all over" operation.

The 12-foot No. 123-SP Self-Propelled, shown above, is the leader of Harvester's full line of grain-saving, clean-threshing combines.

Many of these combines are purchased with the aid of local bank financing. The International Harvester dealer in your community will be glad to discuss farm equipment financing opportunities with you.

INTERNATIONAL HARVESTER COMPANY
180 North Michigan Avenue Chicago 1, Illinois

Hear James Melton on "Harvest of Stars" Wednesday Nights, CBS.
Consult local newspaper for time and station.

INTERNATIONAL HARVESTER

Combines FOR THE GRAIN HARVEST



CANADA

50% Industrial—25% Agricultural
18% Forest and Mineral Production
Balance Miscellaneous

American banks who have business customers wishing to establish themselves in Canada or expand their present connections there, are invited to communicate with us. Special departments of the Bank will be glad to advise you on plant locations, industrial opportunities and marketing information.

Monthly Commercial Letter upon request

THE CANADIAN BANK OF COMMERCE

Head Office: Toronto

540 Branches Across Canada

NEW YORK SEATTLE PORTLAND, ORE. SAN FRANCISCO LOS ANGELES

Speed and Service

IN HANDLING

TRANSIT AND COLLECTION ITEMS

San Francisco
 is the crossroads
 of coastwise,
 transcontinental
 and transpacific air
 traffic. Our day and
 night Air Mail Transit
 Operation is geared
 to make the most of
 this strategic location.

AMERICAN TRUST COMPANY

Banking Since 1854

HEAD OFFICE:
SAN FRANCISCO

*Many Offices Serving
 Northern California*

Member Federal Deposit
 Insurance Corporation

RESOURCES OVER \$950,000,000



How Deferred Posting Works

THE Bank Management Commission of the American Bankers Association has been engaged for several months with committees of the Federal Reserve System in working out a program to make deferred posting of depositors' ledgers available to every bank in the country.

The practice of deferred posting has been increasing, as evidenced by the enactment in 16 states of statutes permitting this method. It is estimated that at least 1,000 banks have already adopted deferred posting with resulting economies in operating costs.

As a part of the development of this program the Bank Management Commission recommended to the Board of Governors of the Federal Reserve System that their Regulation J dealing with check collections be amended so as to remove any doubt as to the right of the several Federal Reserve banks and their agents to receive conditional payment of cash items subject to the right of drawee banks to return them on the next business day after their receipt and obtain credit or refund. It was further recommended that the operating letters and circulars of the Federal Reserve banks be made equally specific.

THE Board of Governors has now announced a proposal to adopt amendments to Regulation J for this purpose and has invited comment thereon. These amendments, however, will not become effective unless and until they have been formally adopted at some later date and until they have thereafter been duly published in the Federal Register.

In a letter to all banks from the Bank Management Commission of the American Bankers Association it has been suggested that it would be to their advantage to review check collection contracts with depositors to make certain that the bank as a depository and collecting bank is adequately protected with respect to delayed return procedure.

"This is essential," stated the letter, "whether or not you contemplate using deferred posting in your own bank, for the reason that, as increasing numbers of other banks adopt deferred posting, unpaid checks will in more cases be returned later than has been

(CONTINUED ON PAGE 126)

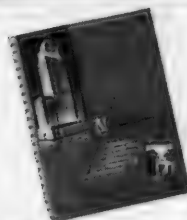


No more peak-period bottlenecks

The National Central Control and Proof Machine provides definite proof and control over all incoming items, and eliminates peaks and bottlenecks by maintaining an even flow of work all day.

With a National Proof Machine in your bank, accuracy becomes automatic. Accuracy in sorting items is facilitated by the automatic opening of the shutter located on the compartment in which a particular item should be placed. Accuracy in the entry of items is assured through the automatic "Lock Proof" feature—something no other machine can offer! If the operator errs in recording an amount—or if the depositor erred in adding his deposit ticket—the machine locks automatically!

For fuller description of this, and all the other National Accounting Machines, arrange with your local National representative for your copy of the illustrated 60-page booklet shown at the right. Or, write to The National Cash Register Company, Dayton 9, Ohio. Sales and Service Offices in over 400 cities.



A NEW, ILLUSTRATED BOOKLET of some 60 pages describes the services of each of the National line. Shows how they can speed work in every department of your bank. Ask your local National representative for a copy of this valuable booklet. It's informative and helpful, and handy when accounting problems arise.

THE NATIONAL CASH REGISTER COMPANY

National
CASH REGISTERS • ADDING MACHINES
ACCOUNTING MACHINES

SAID A PRESIDENT OF ONE OF OUR CORRESPONDENT BANKS RECENTLY:

"For forty-one years, without interruption, I have been signing checks for my bank, drawn on the American National Bank of Nashville."

Such a long time business relationship indicates satisfactory service rendered to a loyal customer.

YOUR ACCOUNT IS SOLICITED WITH THIS ASSURANCE OF PERFORMANCE.

Since 1883
AMERICAN NATIONAL BANK
NASHVILLE
CAPITAL FUNDS OVER NINE MILLION DOLLARS
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



DEPOSIT-BY-MAIL

Simplified banking by mail. Time-saving convenience for customers...for you. Handles in slack periods, reduce errors. Deposit slip bears post mark...exclusive patented flap protects contents.

In desired papers and colors. Write for samples and prices.

(CONTINUED FROM PAGE 124)

customary in the past. It is recognized that in the various states practice varies depending upon whether banks rely upon statutory provisions, such as Bank Collection Codes, or upon collection agreements printed upon deposit tickets, bank statements, passbooks, credit advices, and the like, or whether they have depositors sign collection agreements printed upon or referred to in signature cards."

The Commission suggested the following collection agreement as a form which might be used by banks in various states:

Items received for deposit or collection are accepted on the following terms and conditions. This Bank acts only as depositor's collecting agent and assumes no responsibility beyond its exercise of due care. All items are credited subject to final payment and to receipt of proceeds of final payment in cash or solvent credits by this Bank at its own office. This Bank may forward items to correspondents and shall not be liable for default or negligence of correspondents selected with due care nor for losses in transit, and each correspondent shall not be liable except for its own negligence. Items and their proceeds may be handled by any Federal Reserve bank in accordance with applicable Federal Reserve rules, and by this bank or any correspondent, in accordance with any common bank usage, with any practice or procedure that a Federal Reserve bank may use or permit another bank to use, or with any other lawful means. This Bank may charge back, at any time prior to midnight on its business day next following the day of receipt, any item drawn on this Bank which is ascertained to be drawn against insufficient funds or otherwise not good or payable. An item received after this Bank's regular afternoon closing hour shall be deemed received the next business day.

"Note: Individual banks or banks in different states may wish to vary the last two sentences depending upon whether such banks themselves adopt deferred posting, or if they have individual shut-off problems or problems arising out of branch bank operations. Since the last two sentences apply only to internal operations of banks in dealing with their own depositing and drawer customers, the need for uniformity is not the same as in the case of all prior sentences in the agreement."

The Commission feels that under the suggested form of collection contract, "depositors confer upon the initial bank of deposit and correspondents broad authority to effect collection of

(CONTINUED ON PAGE 128)



MERCHANTS and manufacturers interested in importing from Australia may order a free copy of this informative booklet from their bankers or direct from:—

BANK OF NEW SOUTH WALES

British & Foreign Department
Sydney, Australia.

NA4703A

"Yours of the 15th ult."

This meant in an earlier day that you were getting a reply to your letter of the 15th of the previous month. But you never see this phrase anymore. Modern business demands prompt action—and no business, including banking, could hold a customer today if it used old-style ways of doing things.

Here, at Central-Penn National Bank, for instance, you will find quick, efficient service... using every up-to-date method and machine, to put your business through accurately and on time. That's why correspondents in many parts of the country find it profitable to do business with Central-Penn.

CENTRAL-PENN NATIONAL BANK

OF PHILADELPHIA
Seventh and Chestnut Streets

BANKING

Now available—

AN ESTATE PLANNER'S HANDBOOK by Mayo A. Shattuck

*The first book to cover completely ALL phases
of estate planning*

THE WORK that bank officers and other executives have long awaited — *AN ESTATE PLANNER'S HANDBOOK* is a thorough and competent analysis of the entire field of estate planning.

It starts logically with the decision of the man of property to create an estate — takes you step by step through the initial assembling of facts . . . the selection and drafting of instruments . . . the establishment of the estate . . . its administration after the plan is in effect . . . its taxation, etc.

Broad in scope yet exhaustive in detail, the *HANDBOOK* offers quick and ready reference to any estate problem that may conceivably arise. Complete tables of judicial opinions and other authorities . . . valuable appendices by contributing experts on topics of special importance. The *HANDBOOK* will be found the one truly indispensable work for anyone dealing with estate planning in any form. **\$7.50**

BY THE ACKNOWLEDGED AUTHORITY IN THE FIELD

Outstanding author, lecturer and authority on estate planning, Mr. Shattuck is unusually well qualified for his task. A graduate of Harvard College and Harvard Law School, he has been special lecturer in trusts and estate planning at Harvard, the Graduate School of Banking at Rutgers, and the University of Colorado Law School. A long list of his publications is headed by *Loring, A Trustee's Handbook, Shattuck Revision*. In the past few years, Mr. Shattuck has lectured widely throughout the country before meetings of bankers and insurance men. Insistent demands for reprints of his addresses and supplementary material were largely responsible for his present work. He is a member of the Boston Bar Association; member and former president of the Massachusetts Bar Association.

Two Outstanding Companion Works

LORING, A TRUSTEE'S HANDBOOK SHATTUCK REVISION

For over 40 years the rapid reference manual on which trust lawyers and trust officers have depended. Completely revised in the present edition by Mr. Shattuck, this thorough, precise statement of the rules of Trust Administration is more than ever the necessary, practical tool of the modern trustee. \$5.00

KENNEDY, FEDERAL INCOME TAXATION OF TRUSTS & ESTATES

A comprehensive treatment of all aspects of this increasingly complex subject, in one handy volume. Includes a discussion of the new concept of "distributable income" introduced by the 1942 Revenue Act, the latest developments on the troublesome "Clifford Doctrine." Just published . . . fully annotated. \$16.50

See your local law book dealer, or write

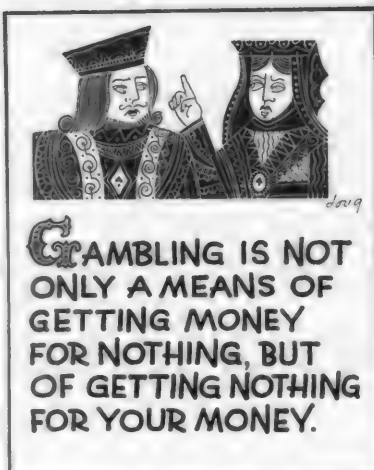
LITTLE, BROWN & COMPANY

34 BEACON STREET, BOSTON 6, MASS.

(CONTINUED FROM PAGE 126)

items under current collection practices, not only through Federal Reserve banks but also other correspondent banks. The incorporation by reference of Federal Reserve rules is utilized as a convenient device to adopt concisely a broad standard that has been quite extensively and precisely worked out in Regulation J and operating letters. However, the above suggested contract should, before adoption, be referred by each bank to its own attorney."

In order to supplement the rights and protection obtained by the use of the revised collection contract above referred to, the American Bankers Association has agreed to encourage state legislation authorizing the procedure of conditional payment of checks with the right to return and reclaim payment for unpaid items on the next succeeding business day after their receipt by the drawee. A model statute providing for such procedure is now being drafted and discussed, but is not yet ready. The adoption of adequate state legislation in your own state is important to any individual bank which wishes to use deferred posting. Such legislation will insure to your bank as a drawee bank



the right to make conditional payment of checks presented for payment, subject to the right to return the items and reclaim payment on the next succeeding business day after their receipt by the drawee bank.

This model statute will be brought to the attention of all state bankers associations through the American Bankers Association, and the individual banks desiring to adopt deferred posting in states where such legislation does not

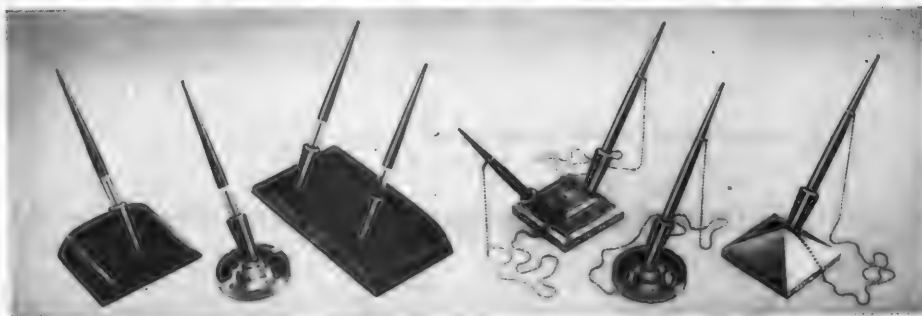
now exist in substantially the form of the model statute should promote and encourage the adoption of such legislation by appropriate action in their own states.

Under fully deferred posting, the postings to customers' accounts of all debits and credits received over the counter, through the local clearinghouse, in Federal Reserve or correspondent bank cash letters, or from any other source are deferred until the business day following their receipt.

On the day of receipt, conditional remittance or credit should be given for items presented, thus avoiding any delay in the collection system and the availability of funds. These debits and credits are processed by the proof department in the usual way; i.e., the work is proved, the debit and credit totals affecting general ledger accounts are determined, and the necessary entries are passed so that the general ledger figures will reflect the day's transactions, but the items themselves will not be paid and posted by the bookkeepers to the depositors' ledger until the following day. Although the items are actually posted to the depositors' ledgers and statements on the business

(CONTINUED ON PAGE 130)

BEWARE OF IMITATIONS!!



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KERR
CHANGEPOINT
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YOU CHANGE THE POINT AND RENEW THE FILLING UNIT YOURSELF



Due to the demand for Kerr CHANGEPOINT Fountain Pens, unscrupulous specialty salesmen are known to be selling inferior writing instruments which they represent to be Kerr Products. These spurious fountain pens bear no imprint, yet imitate as nearly as possible the designs shown above, but in different materials.

Genuine Kerr Products have bases of cast bronze, or chrome plated die castings, or solid black walnut. The barrels are transparent and bear this imprint: "Kerr Changepoint, Tulsa, Oklahoma, Made in U. S. A."

Order genuine Kerr Products from your stationer or write for illustrated literature and prices

W. K. KERR PEN COMPANY

TULSA, OKLAHOMA

A Bank Is Known...

... by the prompt, dependable attention
it gives to the day-by-day needs of its
correspondent banks.



CENTRAL HANOVER
BANK AND TRUST COMPANY
NEW YORK

Member Federal Deposit Insurance Corporation

day following their receipt, they are entered under the date of the previous business day. In this way the total balances on the depositors' ledgers as of any date will prove to the individual deposits figure on the general ledger as of the same date. The sending of the periodical statements of depositors' accounts is delayed one business day as the actual posting work is always done on the day following receipt of the items.

Banks which have been operating under fully deferred posting for some time, in a number of cases as long as six years, have not experienced any unusual losses or claims nor have they noticed any impairment of the interests of the public.

The Advantages of the Fully Deferred Posting Plan

(1) An entire day's work is ready for the bookkeepers when they report for work in the morning. "Waiting-for-work" time is eliminated.

(2) "Dribble" posting is eliminated. The straight run of items results in

fewer balance pickups, fewer postings and, consequently, fewer motions and fewer errors.

(3) The customers' ledgers and statements reflect the true condition of the day's business. All items received up to the afternoon closing hour are entered on the books as of the day of receipt.

(4) Work pressure is relieved and staff morale improved. Regular working hours with adequate lunch and rest periods can be observed.

(5) Inconvenience is eliminated and time is saved in connection with the handling of return items. Since all deposits for the day are in the hands of the bookkeepers at the time they are paying the checks, tellers do not have to be called or work in process reviewed to see whether deposits have been made which would offset impending overdrafts.

(6) The day's work is handled in a more orderly manner as the need of speeding the work through the several handlings up to the bookkeepers is eliminated.

(7) The greater operating efficiency saves people, machines and space. Expenses are, therefore, reduced.

perience that farm people need to have their financial reserves in the safest possible form where they will be readily available. United States Savings Bonds meet these qualifications."

Acting on Mr. Wiggins' suggestion, the A.B.A. Agricultural Commission and State Association Section are working with state bankers associations to provide county key bankers with suggested speech material and other information for presentation before farm organizations in their home counties. The county key bankers will also be assisted by state and county representatives of the Savings Bonds Section of the Treasury and by the A.B.A. state Savings Bonds chairmen.

To put the plan into operation, Charles T. O'Neill, chairman of the Agricultural Commission, American Bankers Association, and vice-president and trust officer, National Bank and Trust Company, Charlottesville, Virginia, has written a letter to all county key bankers outlining the activities they are requested to carry out. The joint A.B.A.-Treasury plan outlined by Mr. O'Neill calls for:

- (1) Treasury County Savings Bonds Chairman
- (a) To obtain dates and location of all meetings of farm people scheduled in county between now and July 15, 1948;
- (b) To obtain invitation for a banker to give a ten-minute talk on "Building Farm Financial Reserves in U. S. Savings Bonds" at these meetings;
- (c) To inform county key banker

(CONTINUED ON PAGE 132)

A Treasury poster (reduced)



The Security Loan Drive

SECRETARY of the Treasury Snyder has stated that an all-time high record was reached April 30 in the total of Series E Savings Bonds outstanding. A new record was scored also on the outstanding total of Savings Bonds of all series, A through G, and the outstanding total of Series E, F and G bonds combined.

Bonds outstanding as of April 30, as announced by Secretary Snyder, were:

All series, A to G, inclusive, \$53,065 million.

Series E, \$31,500 million.

Series E, F, G, \$50,467 million.

In announcing these totals, Secretary Snyder said:

"The Treasury is very gratified over the success of the drive so far. The entire program is going very well.

"More than 2,000 business and industrial concerns have either reinstated the payroll savings plan, or stepped up the activity of existing plans. Volunteer bond selling is at its peak since the war. Community campaigns are reporting favorable results.

"The news from all the Security Loan Drive fronts is encouraging."

The accounting period for the cur-

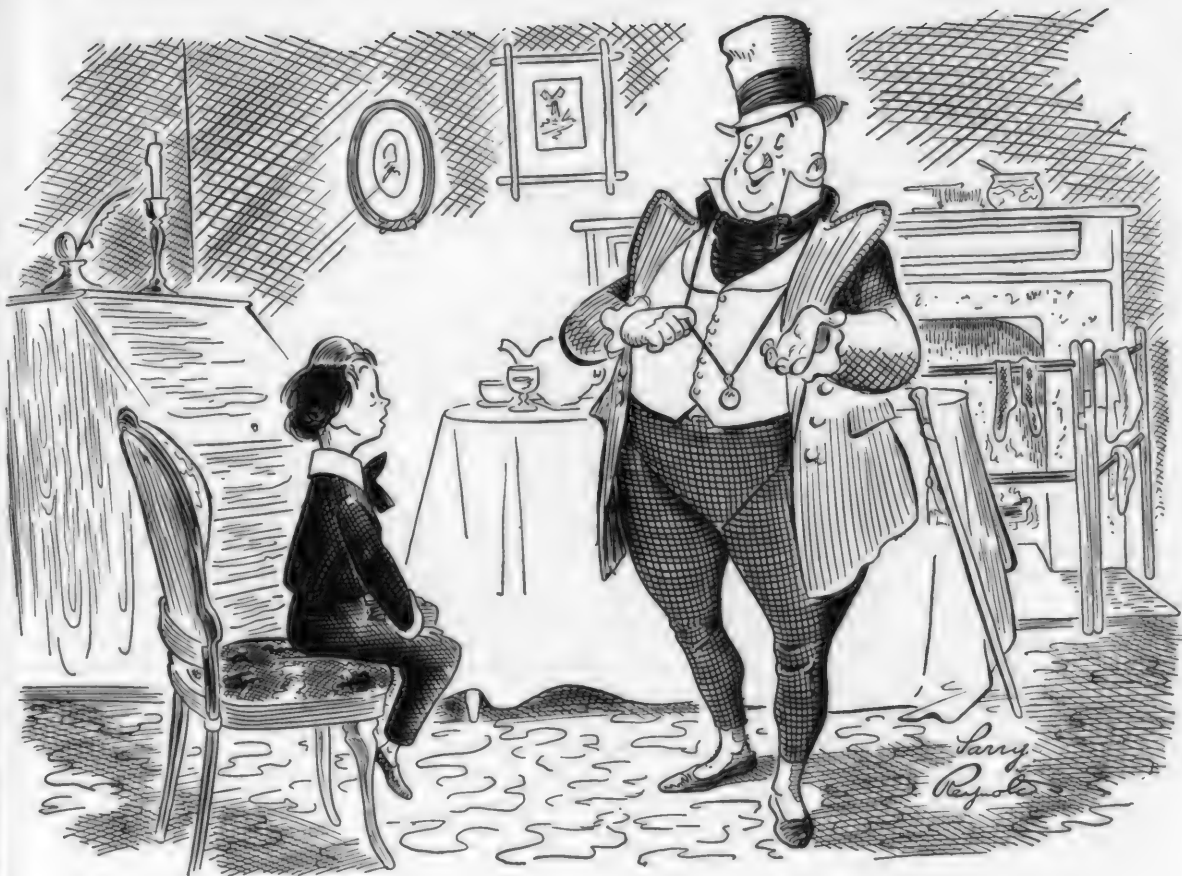
rent drive will close July 17. Sales reports to be counted in the campaign totals must be in the hands of the Federal Reserve banks by that date.

Banker Opportunity

The opportunity offered by the Security Loan Drive for country bankers to help farmers and help their communities was recently pointed out by Under Secretary of the Treasury A. L. M. Wiggins, a former president of the American Bankers Association.

In a letter to H. Frederick Hagemann, Jr., chairman of the A.B.A. Committee on Treasury Savings Bonds, Under Secretary Wiggins suggested that the 3,500 county key bankers who represent organized banking in every rural county of the United States be enlisted in a campaign to promote the building of farm financial reserves in United States Savings Bonds.

"As a former country banker," Under Secretary Wiggins writes: "I know that bankers have many contacts with farmers, both individually and in groups, and that practically every county has a county key banker who serves as liaison between the banks and the farmers. I know from personal ex-



Mr. Micawber was only half-right!

MR. MICAWBER'S financial advice to young David Copperfield is justly famous.

Translated into United States currency, it runs something like this:

"Annual income, two thousand dollars; annual expenditure, nineteen hundred and ninety-nine dollars; result, happiness. Annual income, two thousand dollars; annual expenditure, two thousand and one dollars; result, misery."

Mr. Micawber was only half-right!

Simply *not* spending more than you make isn't enough. Every family must have a cushion of savings to fall back on . . . and to provide for their future security.

U. S. Savings Bonds offer one of the best ways imaginable to build savings.

Two convenient, automatic plans make the systematic purchase of Savings Bonds both sure and trouble-free:

1. If you work for wages or salary, join Payroll Savings—the only installment-buying plan.

2. If you're in business, or a farmer, or in a profession, and the Payroll Savings Plan is *not* available to you, then sign up at your bank for the Bond-A-Month Plan.

Each helps you build a nest egg of absolutely safe, 100% government-backed U. S. Savings Bonds. And these bonds make more money for you while you save. For after only ten years, they pay you back \$400 for every \$300 you put in them.

Join the Plan *you're* eligible for today! As Mr. Micawber would say: "Result, security!"

AUTOMATIC SAVING IS SURE SAVING—U.S. SAVINGS BONDS



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Bond Sales Director

Leon J. Markham became national director of Sales of the Treasury's Savings Bonds Division on May 17.

Mr. Markham, whose home is Fairbury, Nebraska, is a former retail chain executive.

He will assume full responsibility for the coordination of promotional and sales activities of the division's Washington staff and its field organization throughout the country. He will work under the immediate direction of Vernon L. Clark, national director of the division.

(CONTINUED FROM PAGE 130)

of time and place of each meeting.

- (2) County Key Banker
 - (a) Select bankers to give talks on Savings Bonds;
 - (b) Assign bankers to speak at individual meetings;
 - (c) Provide them with suggestions.

A Parallel

What many industries are doing to promote bond sales is typified in the campaign of the Radio Corporation of America, RCA Victor Division. RCA Executive Vice-president Frank M. Folsom wrote a letter to plant managers early this year in order to lay the groundwork for the campaign.

His suggested program, to extend over a two-month period, called for the following steps:

- (1) Gathering together necessary forms, leaflets, posters, etc.
- (2) Request by personnel managers to section heads for appointment of bond aides, to cover all sections of each plant and make personal solicitations.
- (3) Letter to employees from Mr. Folsom, to be published in plant newspaper, along with other news items on the campaign.
- (4) Meeting of bond aides, with state representative of Treasury program as speaker.
- (5) Meeting of aides for distribution of forms, leaflets, etc.
- (6) Distribution of information on campaign with employees' paychecks.
- (7) Series of sound-system announcements.

In this particular industrial organization, the entire plan was worked out with the greatest care and in complete detail, as can be seen from the above abbreviated outline. A goal of 65 percent of employee participation was set—same as the Treasury's national aim.

The A.I.B.'s Joe Chapman

JOSEPH CHAPMAN, who formed an educational organization for bankers in 1898, two years before the American Institute of Banking was started, died May 11 in Minneapolis following a stroke. He was 76 years old.

Mr. Chapman, known as the father of the Institute idea, was a pioneer in banking education. While on the staff of the Northwestern National Bank in Minneapolis he interested employees of the city's banks in a plan for providing study facilities to broaden their backgrounds and help them get ahead. The Minneapolis Bank Clerks' Association was the result.

"After the close of the first year's operation," Mr. Chapman said long afterward, "I wrote to William C. Cornwell, president of the City National Bank of Buffalo, who was chairman of the Committee on Education of the American Bankers Association, and told him what we had done in Minneapolis and that we thought the clerks in all the city banks of the country would appreciate an opportunity to better fit themselves for their banking futures.

"He and the committee were sold on the idea and invited me to be their executive secretary and organize chapters in the larger cities of the country. I told them I did not want to leave the banking business but would assist them in every way I could."

While the committee was working on

plans for the Institute in 1899 and 1900, Mr. Chapman gave it the benefit of the Minneapolis bankers' experience in education, and later organized chapters of the American Institute of Bank Clerks (as the A.I.B. was first known) in several cities.

In a letter to *BANKING* a year ago Mr. Chapman recalled that in the Institute's early days Frank A. Vanderbilt, former president of the National City Bank of New York and an early trustee of the organization, had said "he would rather have had the part Joe Chapman had in the founding and starting of this work than to have made a million dollars."

"I am proud," Mr. Chapman added, "to have had even a small part in it. It's the only organization of workers that puts a premium on individual initiative, and where the members are trying to improve their knowledge while still working for a living."

MR. CHAPMAN, a native of Dubuque, Iowa, entered banking in 1888. From 1904 to 1907 he was cashier of the Northwestern National and was vice-president until 1919. More recently he was a trustee of the Farmers & Mechanics Savings Bank, Minneapolis.

He was made a co-trustee of the Soo Line when the railroad went into bankruptcy in 1937 and became a director when it was reorganized. His business career included many interests.

Mr. Chapman, right, and his old friend, Clarence R. Chaney, vice-chairman of the Northwestern National Bank, Minneapolis, a former national president of the Institute. The photograph was taken a few weeks before Mr. Chapman's death



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Made of bonderized, rust-resisting, heavy-gauge, cold-finished steel sheets. Three sizes: 6' 10" in height by 6' 0", 6' 6" or 7' 0" in diameter.

Finish colors and hardware to match or harmonize with your present entrance are usually available.

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Produced in quantity from a basic design, to provide "custom" features at a new low price.



Here at last is a revolving door with "custom-built" features . . . costing no more than swing doors of comparable capacity. Here is exactly the door you've been waiting for . . . and at the lowest price imaginable! Everything you have to have! Nothing that you don't need! Can be purchased any way you wish: with or without accessories; with or without connecting or adjacent work; finished at the factory or primed for finishing at job site; with or without glass; completely installed or f.o.b. factory. Each door as carefully engineered and as individually tailored as any custom job.

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INTERNATIONAL VAN KANDEL

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World Business

(CONTINUED FROM PAGE 47)

That Bogotá charter, which fills a full page in the *New York Times*, I am filing for reference. My "charter department" is getting a bit bulky, but a writer cannot afford to throw those documents away. The *Times'* Bogotá expert, I note, reports "fellow diplomats" challenge former Ambassador William D. Pawley's characterization of Bogotá as a "magnificent success." The biggest and still unsolved issue, of course, is the treatment of foreign investments by Latin American countries. Between the U.S.A. and many Latin American countries Bogotá showed a basic distrust. The civil flareup in Colombia pointed up the continuing political instability in Latin America generally. The *Times* quotes one American as saying: "The basic trouble is that we really have much less in common with these people than we like to pretend."

Expropriations Deter U. S. Investors

The Bogotá experience tends to make American investors more shy than ever about putting up branch plants abroad. Some of the very countries which are constantly inviting American capital are plainly unwilling to put in writing the assurances which might expunge the unpleasant memory of past expropriations. Foreign countries want private American capital, but they want even more U.S. Government gifts and loans, which, in the light of the long-standing balance-of-payments trend, most likely will turn out to be gifts. Besides, in times of difficulty it is always so much easier to deal with a few officials at a dinner party or even in the office, than to reach an agreement with a bondholders committee whose own money is at stake.

Among the recent foreign investment opportunities is one published by the Embassy of Pakistan under the star and crescent. In keeping with the times, Pakistan invites foreign branch plants in certain designated industries, so long as 51 percent of the control rests with indigenous capital. The *Eastern Economist* wonders how much capital Pakistan will attract, in view of the fact that the Government intends to retain a voice in the running of such branch enterprises. That's a good question.

Diplomacy on the Beam

Doubtless dollars speak much louder than words, but Washington is not neglecting the latter. Witness the Voice of America. It must be effective, because Moscow has solemnly denied any connection with the "jamming" that takes place whenever our programs are broadcast in the Far East. Well, Representative John Taber, autocrat of the Appropriations Committee, thinks not much may be lost at that, except the cost of the broadcast. In a public statement about a Voice of America broadcast, described by the State Department as "a very trivial" one, Mr. Taber found some interesting Americana. To Spain, for instance, our Government broadcast the prospects of the National and American baseball leagues. To Russia it beamed an analytical history of the *Atlantic Monthly* and the problems of servicing the British liner "Queen Mary."

That old Navy slogan might be amended to read: "Join the Government and see the world." Hardly a day passes but the State Department issues the names of the American delegates to some new international gathering. Today three such announcements came in the same envelope. They related to the first session of the South Pacific Commission

in Australia, a Health Congress in England, and an International Administrative Aeronautical Radio Conference at Geneva. This sort of thing goes on all the time. I hear that a couple of CAA officials, preparing to fly to the Geneva meeting, have made reservations to come back by a more leisurely surface liner, as they expect to be tired when the conference ends.

British Hindsight

Britain hasn't yet ironed out its coal problems. Cabinet member Emanuel Shinwell is quoted thus: "There was far too little preparation in the formulation of schemes of nationalization. When the mining industry was nationalized—and this had been on the Labor Party program for 50 years—we thought we knew all about it. The fact of the matter was we did not know all about it. In the preparation of legislation we found ourselves up against extraordinary difficulties and now that the administration is being run by a public board, still more difficulties are being exposed."

A British official in Washington, who last year went down in some of the British coal mines, tells us that the miners just don't like all the centralization and bureaucracy; they prefer the old, but less efficient setup. It appears that at heart the run-of-the-mine Laborites are conservatives, advocates of *laissez faire*.

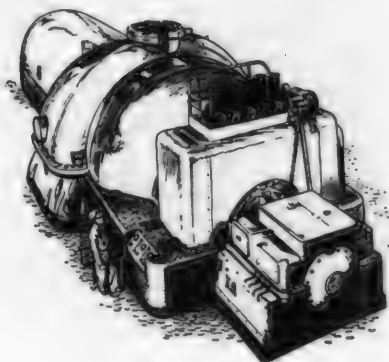
The story of the rules and regulations under which a Briton lives would require the space of a full-length article. More than two million are on the government payrolls, a large part of them engaged with the minutiae of the planned economy. A fourth of the approximately 25,000 orders and rules which straightjacket British subjects and businesses are acts passed by Parliament since VJ-Day, my newspaper says. (See page 35.)

Tariffs and Customs Unions

Just now renewal in some form of the Trade Agreements Act is a lively topic in Washington. Extension is being supported by various well-known organizations, which are usually heard from at such a time, plus some new ones. It's getting so that no important subject comes before the Congress but a "citizens committee" is formed for or against it.



"Yes, sir, it's tough selling these days. Buyers not only expect to get merchandise but they actually want you to be polite."



DO THE FINANCIAL NEEDS OF LOCAL
Public Utilities
OFTEN POSE UNUSUAL PROBLEMS?

BANK RELATIONS and investor relations are now recognized by many local utility operating companies to be vitally important due to the universal need for financing extensive construction programs.

Serving the financial needs of such electric and gas utilities often requires highly specialized banking service.

To banks desiring assistance in any phase of this operation, the Irving offers the facilities of a Department devoted exclusively to Public Utility matters. Directed by an executive who has been active in the top management of utility companies for more than thirty years, this Department supplies unusually broad practical experience in dealing with this industry.

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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Washington

(CONTINUED FROM PAGE 49)

marked the movement of the banking world away from government regulation and government solutions.

One of the new signs of the weakening of the pull of government upon the nation's banking system was seen in the philosophy of the new Reserve Board Chairman, Mr. McCabe. The Federal Reserve System under its previous chairman, Mr. Eccles, published a brochure entitled, "The Federal Reserve System, Its Purposes and Functions." This study began with the statement that:

"The principal purpose of the Federal Reserve is to regulate the supply, availability and cost of money with a view to contributing to the maintenance of a high level of employment, stable values and a rising standard of living."

Mr. McCabe, his friends report, does not subscribe to this definition of function, which relates the Reserve System to the idea of national economic planning by government. Instead, it is said, Mr. McCabe believes that the Reserve System was established primarily as an agency to provide credit for industry, agriculture and commerce.

Local Viewpoint Valued

The new chairman also views the Reserve banks, their branches and the Federal Reserve Board as a whole system. His philosophy is reported to be that the Reserve Board should consult with the officers of the regional and branch banks before making up its mind on broad policy questions. He sees in these consultations an opportunity for the Federal Reserve Board to draw upon the judgment of men who are in close touch with local business throughout the country, and to tap the minds of men of good judgment. In other words, he does not picture the Federal Reserve Board primarily as an agency which, removed from the men of the system throughout the country, shall make policy and merely hand it down to the regional and branch banks to be put into operation.

It became known that Mr. McCabe had not yet concluded that even the increased legal reserves were justified. He decided to discuss the whole question of inflation, and the part banks were or were not playing in relation to this problem, with bankers throughout a good part of the country.

The Federal Advisory Council, also, was reported to be unimpressed at the time with the prospect that inflation



Senator Robert A. Taft, *left*, chairman of the Joint Committee of Congress on the Economic Report, and Allan Sproul, president of the Federal Reserve Bank of New York. Mr. Sproul recently testified before the committee that he regarded the present powers of the Federal Reserve System as adequate for the time being to deal with probable inflationary threats. "It cannot be too easily assumed," said Mr. Sproul, "that we are definitely headed into another inflationary upsurge, nor, if we are, that it will be of the kind to demand drastic overall monetary measures."

was inevitable, and that banks should be required to carry the additional legal reserve.

These doubts about the subject led key Congressmen, whose views were decisive, to conclude that in the absence of a clear demand from the entire Administration for restraint of bank credit, this restraint would not be imposed by law.

Actually, the prevailing view has been that inflation is not too likely to worsen during the balance of this calendar year. When the President initially proposed an expanded rearmament program in March, the first sentiments of many were that it would lead inevitably to large armament expenditures, shortages and a rise in the price spiral.

This reaction soon passed. In its place has come the view that the present limited armaments program is not likely to add much to the already inflated price level. Actually there were some signs of deflation. The net view is that the increased armaments expenditure has forestalled a possible reduction in activity and prices more than it has paved the way for a rise in business volume and prices.

Budgetary Deficit in View

Nevertheless, the enlarged armaments program does hold out the prospect of a small budgetary deficit during the fiscal year which begins at the end of this month. This deficit, even if it does develop, however, is not expected to exceed much more than a billion,

barring further last-minute programs of federal spending. Even a small deficit probably will not lead to the offering of any additional Treasury market issues during the fiscal year 1949. Trust funds together with net investments in savings funds will absorb the temporary Treasury deficit until the first quarter of calendar 1949, when an excess of receipts normally occurs.

Effect on Bank Earnings

Hence banks will make their additional small income from their government security portfolios, partly from the higher average return on bills as compared with a year ago, partly from the slight increase in the interest rate on certificates, if that materializes later this year, as expected.

Under the program of foreign economic cooperation, the European countries began about the middle of last month to make a genuinely technical sifting of the needs of the foreign nations. When these needs are screened by the Organization for European Economic Cooperation, they are then turned over to the Washington administration. Washington, in turn, judges what of the needs of the European committee it feels the U. S. can supply. Only then will the true effect of foreign aid be known, and it will be known only initially. For each couple of months these needs will change. They will shift from commodity to commodity, and from country to country. They may increase, or they may diminish.

War Would Bring Controls

All Washington prospects would be revolutionized by war. War would lead to large spending, controls, the return of a war economy. Nevertheless, each passing week confirms officials in their expectation that war can be avoided, at least in the immediate future. There is a firming official belief that Russia not only also wants to avoid war for several years, but is unprepared for war.

Notwithstanding this restrained optimism, officials have every expectation that Russia will continue to exert terrific pressure on Western Europe. This pressure will be well-nigh constant. This means at least minor crises. But barring the extension of the Iron Curtain to one or two more countries of the western world, there is no crisis in sight for this year which would upset the present limited armaments procurement program and the draft of manpower sufficient to fill out the ranks of the services.

Tax Reforms Stymied

Expanded war preparations, however, may have made it difficult to achieve finally even the administrative reform of the tax laws upon which Chairman Knutson of the Ways and Means Committee and A. L. M. Wiggins, Under Secretary of the Treasury and former president of the A.B.A., have been working so strenuously. The additional legislative work which the expanded preparedness program has caused will leave little time for beneficial legislation of this sort.

Even if a tax bill limited to reforms in the Internal Revenue Code does manage to pass shortly, the achievement of the reduction of personal income taxes,

plus the preparedness program, by expanding expenditures somewhat, has precluded even a small amount of dollar tax relief which would lighten slightly the burden of the Treasury upon business.

Nevertheless, the hard work put on this question by Mr. Wiggins and members of Mr. Knutson's committee have paved the way for some possible action before Congress next year. Likewise, the Congressional Joint Economic Committee began to direct the attention of Congress to the shortage of equity capital, even though the committee is able this year to do little else than raise the question.

Farm Income

Farmers are expected to be almost as prosperous as they were at the peak in 1947. Their gross income this year may be down about 5 percent from last year's \$30 billion, and their net down perhaps 10 percent from 1947's \$18 billion. A crop failure, of course, would alter this picture.

Government officials are anxiously watching for their prospective June 1 estimate of land values. As of March 1, average farm land values equaled their pre-World War I peak. There was some thought that farm land values might rise a little further before reaching their peak for the present era.

Housing

Despite all the fuss and fury raised by the public housing advocates during the present session of Congress, government officials with no axe to grind on this subject were confident that between 950,000 and one million housing units would be built—and financed—this year.

Government-sponsored credit devices are not dying passively. For example, William K. Divers, chairman of the Home Loan Bank Board, proposed with apparent but perhaps not total Administration backing, far-reaching amendments to a bill. The bill, as amended, was passed by the House to provide for the gradual retirement of government capital in the Home Loan Banks and the Federal Savings and Loan Insurance Corporation.

Mr. Divers proposed that the Treasury be empowered to purchase up to \$1 billion of the securities of Home Loan Banks. He further proposed that the Treasury, at the option of the Federal Savings and Loan Insurance Corporation, be authorized to lend \$750 million to that corporation. Finally, he proposed that to all practical purposes



The ancient Hebrews had a goat on which all the sins were placed That was before politicians knew about big business and bankers.

savings and loan associations should become general depositories, being empowered to accept deposits of public monies. Regardless of any sympathy this proposal may get at the capitol, it will not pass this year, perhaps not for many years.

The omnibus housing bill which the House Banking Committee fought with such valor to tone down, would, in the form it passed the Senate, have subjected the taxpayer to a potential liability of \$10,765,000,000, according to a reliable estimate.

Another evidence of a more normal "terrain" for the banking business was afforded by the Federal Deposit Insurance Corporation's study of commercial bank earnings in 1947. The nub of that analysis was that, while bank earnings as a whole declined slightly below 1946, their net operating earnings actually were 8 percent greater. The decline in the total net was due to the passing out of the picture of extraordinary sources of income which have prevailed since the early war years. These were net recoveries from previously charged-off assets, and profits from sale of securities.

Bank Earnings Prospect

Hence banks are coming more and more to rely upon their more traditional mainstay of income, earnings from loans. These earnings also are expected to rise absolutely this year above 1947. The net also is expected to be somewhat greater, though officials are not sure that as a percentage of capital this year's net will much if any exceed the 1947 net as a percentage of equity money.



Some nations think we have more gold than is good for us. Well, if we have to have anything that isn't good for us, we'll choose gold.

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You can prepare more statements with Dexigraph in an hour than you can prepare manually in a day. Photocopies cost only a few cents each. Complete accuracy eliminates need for checking and correcting. Your present clerks can operate Dexigraph — no need for additional or skilled help. Send today for our free folder explaining the advantages of the Dexigraph method.

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Protection for Life Insurance Dollars

THE rapid rise of the national debt since 1940 has set up forces, inflationary and otherwise, which have placed increasingly severe burdens upon those who rely upon life insurance for protection, the Committee on Public Debt Policy finds in its sixth study of the national debt problem. Three out of every four American families own life insurance, represented by policies amounting to \$191 billion, and millions of other people depend for some of their support on policies that have matured, the committee points out.

Because the cost of living has gone up, \$1,000 of life insurance buys much less in 1948 than it would have bought in 1941, the study finds. Also, because of higher living costs and heavier taxes, large numbers of people cannot purchase the additional insurance they need; further, the net cost of insurance has risen because of the Government's policy of keeping interest rates at an extremely low level.

In order to preserve the value of the "future dollars" for which policyholders pay, it is urged that management of the public debt work towards economic stability and not towards either inflation or deflation.

"As positive steps," says the committee, "the Treasury and the Federal Reserve have the power actively to combat inflationary trends by paying off the debt out of budget surpluses and by causing the possession of Treasury securities to shift gradually from commercial banks to other investors. Both steps tend to reduce the volume of money and bank deposits outstanding and to prevent the inflationary spiraling of money supply, prices and wages. Both, of course, have to be taken with care," to avoid deflationary influences.

The committee says that since rates on government securities set the pattern for rates not only on current new investments of insurance companies, but also through refunding operations, on the earnings on holdings already in their portfolios, the Government's interest rate policy in the future will continue to affect the amount of dividends paid to policyholders and hence the net cost of insurance.

(CONTINUED ON PAGE 140)



FREE! Be sure to see BANKADS bank advertising service. Every ad illustrated with timely eye-catching photo. Complete with copy and type setups in mat form. Write for FREE Proofbook No. 201. No obligation. EYE-CATCHERS Inc., 10 East 38th St., New York 16, N. Y.

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From Employees and Customers

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AIR-CONDITIONING

GENERAL ENGINEERING & MANUFACTURING CO.

4417 Oleatha Ave. • St. Louis 16, Mo.

Precision Manufacturers for 31 Years

LESS WEIGHT—Easy installation. Strong aluminum alloy 2-stage compressor helps save 450 pounds.

LESS WATER—Saves up to 50%. Gemco can be installed where water is warm, scarce, or expensive.

LESS NOISE—No knocking or pounding. Gemco compresses refrigerant not once, but twice, in two easy stages.

LESS UPKEEP—Motor cooled with refrigerant (a Gemco exclusive) lasts longer.

MORE PROFIT—No hot weather slumps. Gemco gives work-and-sales-stimulating climate when it's sweltering out-of-doors.

NO VIBRATION!—Try this 5¢ Test: Balance a nickel on edge of a Gemco compressor. Start and stop the motor. The coin stands...no vibration to run up service costs and wear out machinery. Visit your Gemco dealer. Make the 5¢ Vibration Test yourself. Then get a free estimate on Gemco Air Conditioning for your plant, shop or offices. Don't wait! *This is the installing season!*

NOW GET THE INSIDE STORY

Free folder reveals many revolutionary Gemco features

Also FREE: "The Earth Can Heat and Cool Your Home"

Advance folder on Miracula, which heats and cools your home without fuel or flame.



Gemco's Perfect Summer Climate

DRAWS BANKING BUSINESS

Keeps employees at peak efficiency... They're friendlier, and so are patrons!

Gemco Air Conditioning is a sound investment in "public relations" that no financial institution can afford to put off. Gemco is a prestige builder, a business getter... and a protection against "heat-groggy" employees mistakes!

Fill in, Mail Coupon Now

To, Gemco, 4417-F Oleatha Ave.
St. Louis 16, Mo.

Please send, free

- ☐ Gemco Air Conditioner folder
- ☐ Miracula Heat Pump folder

Name _____

Address _____

City _____ State _____

Firm Name _____

The study shows that since the early 1930s there has been a progressive downtrend in dividend scales of insurance companies. Thus, in 1930 policyholders received back as dividends 15.7 percent of their premiums, whereas

dividends were less than 8.9 percent of their premiums 16 years later. The difference between these two figures, representing the added annual cost of insurance, is estimated at approximately \$390 million.

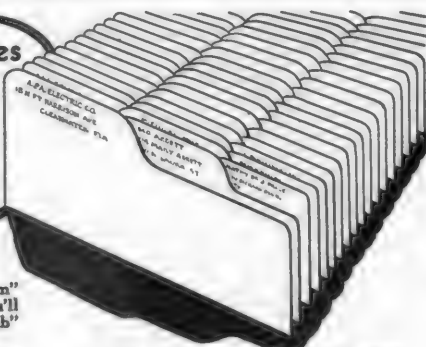
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- ★ STOPS ERRORS!
- ★ ECONOMICAL!

With the proven "Lane System" Guides in operation in your bank, you'll have a great improvement over the "tab" method.

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STOPS ERRORS: By machine addressing directly on the guide, joint accounts especially are readily located and filed without error.



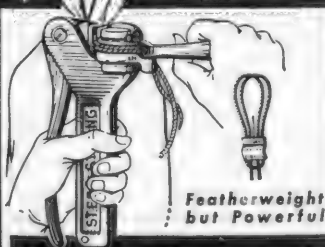
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2000 to 3000	19.00 per 1000
3000 to 5000	18.00 per 1000
5000 to 10000	17.50 per 1000
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REQUIREMENTS FOR
SEALING COINS AND
CURRENCY...
FOR SHIPMENT



Featherweight
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STEEL-STRONG

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FEATURES light weight—one-half that of any other Seal Press—but affording greater leverage. User, with one hand, attaches cord and pulls until seal pin is forced through thick folds of canvas coin bag. Cord has tensile strength of 130 lbs. Lead Seals used are pure lead, non-porous, won't crack or break. A favorite with Banks everywhere.

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HANNIBAL, MISSOURI
World's Largest Mfrs. of Coin Wrappers

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Cool!



Every room has adjustable air conditioning.

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Every room has noiseproofing.

it's
Homey!



Every room has a radio. No extra charge.

it's the Hotel
Mayfair
ST. LOUIS

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ROOMS FROM \$3.50

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INTERNATIONAL BRONZE TABLET CO., INC. 150 WEST 22nd ST. NEW YORK 11, N.Y.

Although old policies could not be altered, many companies, the study points out, found it necessary to increase their premiums on new policies. The combined result has been that the net cost of carrying life insurance (the premiums less the dividends) was from 10 to 30 percent higher in 1946 than in 1930, depending on the type and plan of policy and the age of the insured at the time of its issuance.

Because of declines in the prevailing rate of interest, the study finds, net investment earnings of a representative group of life insurance companies dropped from about 5 percent in 1930 to 2.9 percent in 1946.

NOTING that interest rates on prime securities stiffened somewhat in 1947, the committee comments that this benefits life insurance only to the extent that new funds are invested at higher rates of return, and does not increase the investment income from the securities already in insurance portfolios. The committee says that even if the trend of interest rates is higher during the next few years, it seems unlikely that the overall investment return of life insurance companies will rise as rapidly as it declined during the 1930-1946 period.

Much of the effect of the war-bred inflation is described as part of the inevitable price that all of society paid for a great war, "but," says the committee, "the dilemmas created by a large national debt remain. While the compulsions of wartime finance have passed, our large national debt and expanded money supply continue as potential inflationary forces and call for wise and statesmanlike debt management."

W. Randolph Burgess, chairman of the executive committee of National City Bank of New York, is the committee chairman.

At the International Travel Show in New York, l. to r., Mrs. Mildred May, Valley National Bank, Phoenix, who had charge of the Arizona exhibit; Radio Announcer Howard Pyle; Vice-president Farris Campbell, National City Bank of New York, who broadcast to a Phoenix station during the show





DAVID B. McVEAN

PRESIDENT

Bay Ridge Savings Bank

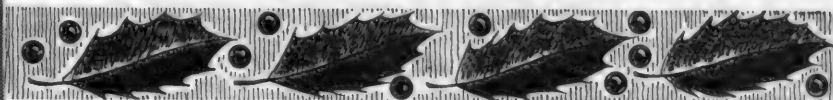
Brooklyn, New York

says:

"As a savings bank our primary function is to teach thrift. That also is the primary function of Christmas Club, and our Christmas Club member-depositors are learning the thrift habit in the best possible way—by saving regularly for a purpose. We feel that Christmas Club is a real asset for our bank."

Progressive bank officials know that when Christmas Club is installed, it brings with it more than the deposit of money. It brings through their doors large numbers of thrifty people who are teaching themselves how to manage money through self-control and systematic saving.

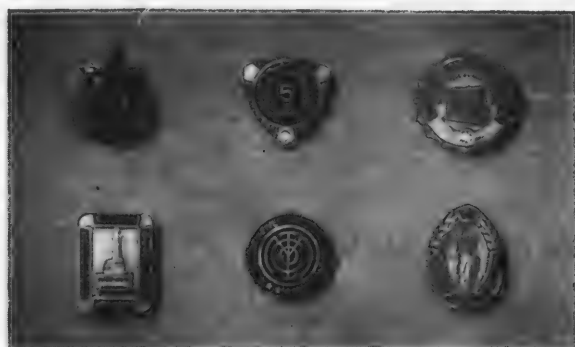
Naturally when these Christmas Club members start thinking about any sort of financial transaction, they think first of the bank where they are accustomed to place their savings. Banks which have Christmas Club find that many Christmas Club members later become permanent savers, customers for mortgage loans, prospects for other financial services—Christmas Club builds business for banks.



Christmas Club

a corporation • HERBERT F. RAWLL, FOUNDER
341 MADISON AVENUE, NEW YORK 17, N. Y.

BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR BANKS



for Long Service



It is difficult to put a price on loyalty and long service. These are two intangible assets of business which spring from the spirit and character of faithful employees. They cannot be weighed and paid for "as value received". But they can be recognized with sincere appreciation through awards of distinction of silver and gold that will last the lifetime of the employee—and beyond.

We will be happy to submit samples and original designs for your consideration—without obligation, of course.

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School of Banking of the American Bankers Association

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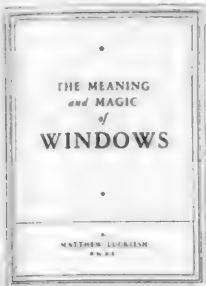
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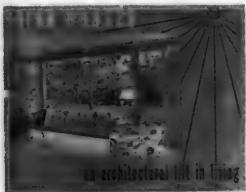
Business Aids

EACH month this column will list recent acquisitions of manufacturers' literature which will supplement the

material indexed in 1947 by the A.B.A. Small Business Credit Commission.



"THE MEANING AND MAGIC OF WINDOWS"—A booklet of 19 pages written by Matthew Luckiesh, one of America's outstanding authorities on lighting. Here is dramatized the new era of larger, more adequate window areas in homes. The booklet is profusely illustrated with photographs and sketches, and offers much stimulating thought on the rediscovery of windows in this age of enlightened design and what they can do to improve every-day living, improve and protect eyesight and make the out-of-doors serve us inside throughout the year.



"SOLAR HOUSES—AN ARCHITECTURAL LIFT IN LIVING." This 24-page brochure tells the story of solar housing, a new trend in residential design, in simple, easily understandable language. It shows that solar housing is not

new but, rather, an idea utilized centuries ago. *Sales Promotion Department, Libbey-Owens-Ford Glass Company, Nicholas Building, Toledo, Ohio.*



"FACTORY PLANNING AND LAYOUT"—A 36-page pamphlet designed to assist in laying out the plant or factory. Contains illustrations and charts to provide for efficient operation and good working conditions. In the same series: "OFFICE PLANNING AND LAYOUT" (26 pages), "OUTLINE FOR A MANAGEMENT AUDIT" (24 pages), "OUTLINE FOR ORGANIZING AND OPER-

ATING AN EMPLOYEE PUBLICATION" (6 pages). *Metropolitan Life Insurance Company, E. H. Conarroe, Policyholders Service Bureau, New York 10, N. Y.*



"BETTER RETAILING AIDS—Making People Want to Trade With You" is a practical treatise on how to get more people into your store and make them satisfied customers by giving them more of the attentions and services that customers want. It discusses the reasons why customers are lost and shows where attention must be focused in your own store in order to keep it successful. It is one of 17 booklets published under the general title "Better Retailing." Each booklet treats

a different phase of retail store operation and management. Copies of any of the 17, or a set of all, are available upon request from *Merchants Service, The National Cash Register Company, Dayton 9, Ohio.* Merchants Service is also available to help solve individual business problems; all services are confidential and rendered without charge.



"LET'S PRACTICE SOIL CONSERVATION FOR A PERMANENT AGRICULTURE." If you are concerned about soil conservation and more profitable land use, this 24-page booklet containing more than 100 illustrations will be of value. The object of this booklet is to convey to the reader the importance of soil and water con-

servation, the placing of agricultural land in its most productive use according to classification, and how to protect the land by soil conservation practices. Available in limited quantities without charge from the *International Harvester Company, 180 North Michigan Avenue, Chicago 1, Illinois.*

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EDITORIAL

THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

The Outlook. By maintaining itself at a high level the first half of this year and promising no serious let-up the second, business is acting as though it doesn't read the papers. It doesn't seem to realize there's worrying to be done.

This is an election year and a very unpredictable one, to say the least. Most prices are too high for the mass market, union wage pressure was never greater, break-even points never higher, war is supposed to be threatening, our foreign customers are broke and our domestic prosperity is of course bound to the whole world, theoretically.

So, menaced from the Left with a capital L, and from the right and the rear, business moves forward, apparently suffering nothing more serious than a light case of perplexity. This can easily be explained by the astonishing variety of views coming currently from authorities and experts of all kinds with regard to the future. There have always been differences of opinion but lately these seem to be extremely different.

In the news of any day one finds proof that inflation is a grave threat, that the danger of inflation is past, that the demand for housing is rising and that houses are hard to sell, that Europe is destitute and Europe is staging a remarkable comeback, that war is near and war is remote.

Same Factors, Different Glasses. Differences in interpretation depend on what color glasses one wears in looking at the same basic facts and signs. In general, the facts now are favorable but the less tangible signs or portents are not. For example, there is little uncertainty about the stimulating effect, for the time being, of the foreign aid and defense programs, continued high employment and production, and the sustained demand for automobiles, home equipment and most consumer goods. These things are tangible and measurable to some extent.

On the other hand, the crazy quilt of what we wistfully call our foreign relations, the national election this Fall, and the effects of wage disputes are in the realm of the incalculable and in the laps of the gods.

Another reason why there are differences in interpreting similar factors is possibly the simple one that some people fear inflation will wax and others fear it will not. Theoretically inflation has no friends, but there are a few, and maybe not so few, who seem to feel that one more round might not do any harm before we call it a night.

What If ERP Succeeds? Long evident and well understood are the inflationary effects of the European Recovery Program, coupled with Export-Import Bank loans, World Bank loans, RFC advances and all the ways we have devised for handing ourselves billions for our exports. Large

buying under government aegis of cotton, coal, copper, steel and railroad equipment, industrial and farm machinery, fats and oils, petroleum, chemicals, hides, timber, dairy products, bread and grains, and what-not, have had a great deal to do with keeping the business curve from sagging.

What has not been so thoroughly explored is the effect on us of the foreign recovery program if it succeeds. While there may be bigger and better things to worry about, none could be more timely because it won't be necessary to wait two or three years to get the full psychological effect of success or failure, whichever it turns out to be. The answer should be apparent quite soon, if we face it, within 10 months or a year.

To the extent that the program reestablishes productive power abroad, or promises to, it contains the germs of another fight over tariffs and protection. According to the stated aims of the recovery administration, there will be a shift as soon as possible from relief items to reconstruction materials and machinery.

The faster this effort crystalizes, the sooner a revised European industry would be looking to the tempting market which is the United States. The same thing would be occurring in Latin America and Asia, for the effect would be cumulative and multilateral.

Having embarked on this program for the purpose of setting foreign countries up so they could sell to us and get dollars, we might be expected, for consistency's sake, to keep the doors open.

The fact that we have mixed a political motive with the program and made it a kind of economic fortification project, has tended to obscure the fact that international trade is still a business matter. It should also be remembered that many of the countries on the receiving end of this latest experiment did not suffer through the war and some were not even in the war and prospered greatly therefrom.

C Stands for Cooperation. Setting up the foreign aid machinery occasioned another alphabetical crisis with strings of letters substituting for cumbersome titles. Cooperation is the important word in OEEC, the Office of European Economic Cooperation, and ECA, the Economic Cooperation Administration. Perhaps if the pattern works out it might be extended to cooperative development of vast areas in Asia, Africa and elsewhere where untapped wealth exists in abundance.

What is needed is revival of mutual trust so that investments can be made internationally with some assurance that they won't suffer the fate of expropriation. Doubts on this score are the greatest deterrent to world progress today. Let's hope all the cooperating is not on our side.

BANKING

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A. Signature

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 and 14/100 DOLLARS
 POLICY NO 62031
 HERE A. Signature

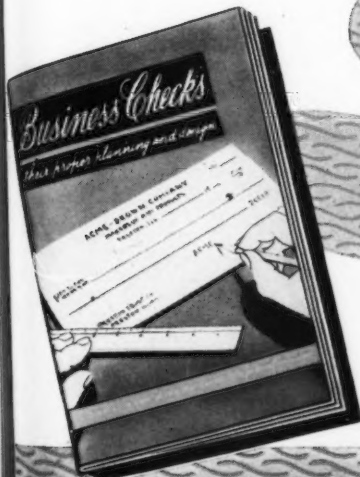
Three numbers, none of them the amount.

FORM A
 MAY 11 1947
 and Deposit Co. DATE CASHED
 SIXTY-NINE DOLLARS & 40/100 TOTAL
A. Signature

Cost 17 hours tracing error.

What is wrong with these checks

Here are four examples of badly designed checks...
 why did every one cost the bank time and money?



...for the right answers

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 Please send me—free—a copy of "BUSINESS CHECKS—their proper planning and design."

Name Position
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The background pattern illustrated in this advertisement is the famous Hammermill Safety Chainline design.
 There are two other pleasing designs to choose from



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THE AMERICAN BRASS COMPANY
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